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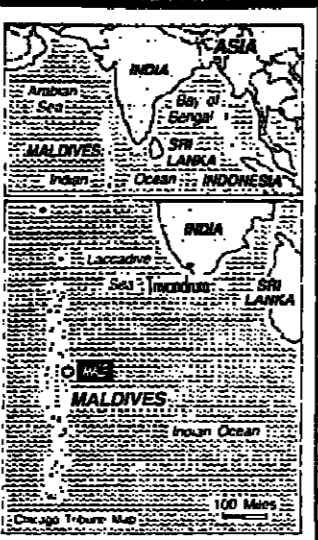
No. 32,875 44/88 ** PARIS, FRIDAY, NOVEMBER 4, 1988 ESTABLISHED 1887



Mickey Mouse will not be elected to the United Nations...

Polish Line to Lease U.S. High-Tech Jets

WARSAW — The Polish state airline, LOT, will lease three wide-bodied Boeing aircraft...



President Maumoon Abdul Gayoom, whose island nation was attacked on Thursday.

Fighting Erupts in Maldives

India Is Reported To Send Troops To Prevent Coup

NEW DELHI — India was reported Thursday night to have sent hundreds of troops to the tiny Indian Ocean republic of Maldives...



REFERENDUM IN ALGERIA — A voter in Algiers casting her ballot Thursday on proposals by President Chadli Bendjedid to liberalize the economy...

Shamir Pledges No Big Changes

He Vows to Resist Demands From Partners in Coalition

By Jim Hoagland and Glenn Frankel. JERUSALEM — Prime Minister Yitzhak Shamir said Thursday that despite demands from potential coalition partners for changes...

Compiled by Our Staff From Dispatches. WARSAW — The Polish state airline, LOT, will lease three wide-bodied Boeing aircraft...

For Spanish Socialists, One Crisis Begets Another

By Paul Delaney. MADRID — For the Spanish government, life these days is one crisis after another, and sometimes good news turns out to be bad.

Kiosk

UN Approves Cambodia Plan

UNITED NATIONS, New York (Reuters) — The UN General Assembly called Thursday for the withdrawal under international supervision of all foreign forces from Cambodia...

In Kenya, a Poaching Frenzy

By Mary Battista. NAIROBI — The gang of 30 heavily armed poachers stole into Meru National Park, a few hours north of here, shortly after dark...

In Saturday's IHT



A Special Election Guide

Saturday's Herald Tribune will include a special two-page preview designed as a guide for making sense of Tuesday night's election returns.

Russia Ready to Accept Rulings of World Court

By Paul Lewis. UNITED NATIONS, New York — The Soviet Union is prepared to let the World Court arbitrate any disputes over the interpretation of some treaties...



At the fashion shows in New York, modern classics have a fresh look. Page 5.

Italian Town Profits From Wedding Season's 'Bella Figura'

By Roberto Suro. AMALFI, Italy — This is a town that thrives on nature's blessings, especially marriage. Overall, Italians are marrying less and divorcing more, but in Amalfi, where a rugged shore embraces a tame Mediterranean...

Table with market information: Dow Jones, The Dollar, and other financial data.

Page 11 FOR MORE CLASSIFIEDS

WORLD BRIEFS

Chad Warily Tries Détente With Powerful 'Libyan Brothers'

By James Brooke
NDJAMENA, Chad — Workers recently removed the pink and blue billboards proclaiming that "Chad will be the tomb of Libyan imperialism."

Last weekend the two nations exchanged ambassadors for the first time since a Libyan-backed government lost power in Chad in 1982.
"Libya and Chad are one country," he added, in a good-will formula that many Chadians would find unfortunate.

Six months later the Libyan prisoners and the French troops are still here. A communiqué on Oct. 3 re-establishing relations said that Chad and Libya were promising "to resolve their territorial dispute by peaceful means."

Taiwan to Permit Mainland Visitors

TAIPEI (Reuters) — The Taiwan cabinet revised its security law Thursday to allow a small number of Chinese from the mainland to visit the island for the first time since 1949.

Malta Sentences Hijacker to 25 Years

VALLETTA, Malta (UPI) — A Palestinian man was given a 25-year prison sentence Wednesday by a Maltese court for killing an American and an Israeli passenger and wounding five others during the 1985 hijacking of an EgyptAir jetliner.

Iran Rebukes Iraq on Troop Pullout

GENEVA (AP) — Iran accused Iraq Thursday of using humanitarian issues to delay withdrawing its troops from Iranian territory. During peace talks between the two countries mediated by the United Nations, Iran said all war prisoners could have been repatriated by next week if Iraq had cooperated.

China and India Adopt Frontier Pact

NEW DELHI (AFP) — China and India have agreed to maintain peace on their disputed border until they work out a permanent settlement, the Indian external affairs minister, P. V. Narasimha Rao, said in Parliament on Thursday.

Vietnam Releases 23 MIA Remains

BANGKOK (UPI) — Vietnam turned over to U.S. officials Thursday 23 sets of remains believed to be those of servicemen listed as missing during the Vietnam War, an American spokesman said. At the same time, joint U.S.-Vietnamese teams completed the second 10-day investigation aimed at resolving high-priority "discrepancy cases" in which there is evidence that soldiers might have been captured alive.

Soviet Missiles Fired From Kabul At Guerrilla Bases Near Pakistan

KABUL, Afghanistan — The Afghan Army has begun firing Soviet-made Scud missiles from Kabul at guerrilla bases, Western diplomats said here Thursday.
At least three Scud-B missiles were fired from Kabul on Wednesday at rebel targets 150 kilometers (90 miles) away in the eastern frontier province of Nangarhar, the diplomats told Agence France-Press.



WALDHEIM PROTEST IN ISTANBUL — Rabbi Avi Weiss of New York, left, and a student, Solomon Eijashew, raising protest banners above a police barricade during the visit Thursday of President Kurt Waldheim of Austria. Some American Jews accused Mr. Waldheim of being a war criminal. Turkish officials said his visit was a "stopover" on the way home from the Mideast.

Tell the taxi driver "Sank Roo Doc Noo" to cast your vote at HARRY'S STRAW VOTE @ 5, Rue Daunou, Paris.

Algerians Vote on Liberalization Moves

By Edward Cody
Washington Post Service
PARIS — Algerians voted in large numbers Thursday on a package of political changes offered by President Chadli Benjedid in response to anti-government riots last month.

Advertisement for the International Herald Tribune newspaper, featuring a photo of a person and text about the paper's availability and content.

Large advertisement for Air France flights, promoting the availability of the International Herald Tribune newspaper on all flights. It includes the Air France logo and contact information.

Thatcher Urges Jaruzelski to Accept UN Report Free Trade Unions and Freedoms Assails Iran On Rights

By Jackson Diehl
Washington Post Service
WARSAW — Prime Minister Margaret Thatcher of Britain urged the Communist leader, General Wojciech Jaruzelski, on Thursday to accept free trade unions and greater personal freedoms, saying they were indispensable to the economic transformation that Poland is attempting.

Advertisement for Michel Swiss, a tax-free export store in Paris. It lists various goods like perfumes, cosmetics, bags, scarves, and ties.

Advertisement for University Degree, offering Bachelor's, Master's, and Doctorate degrees for work, academic, and life experiences. It includes contact information for Pacific Western University.

Mozambique Rebels Kill 8 on Train

MAPUTO, Mozambique (Reuters) — Guerrillas of the Mozambique National Resistance Movement killed eight persons and injured 38 on Tuesday in an attack on a passenger train about 50 kilometers (30 miles) northwest of Maputo, the official news agency ALO said.

Europeans Urged to Spread Holidays

BRUSSELS (AP) — The European Commission issued proposals Thursday designed to encourage Europeans to spread their vacations over the whole year.
At the same time, it asked the EC states to enact laws to ban overbooking on planes, trains and ferries and in hotels during the holiday season.

Clarification

A New York Times article about cholesterol testing in children, published in the Oct. 27 edition of the IHT, cited a study at the University of Cincinnati College of Medicine indicating that a restricted-cholesterol diet did not impair children's growth. Other studies, too, have suggested that such a diet does not harm children; they should have been cited in preference to the Cincinnati study, which was published in August 1986 in the journal Pediatrics. The Cincinnati study was repudiated in July 1987 by the National Institutes of Health, which asserted that the research had violated scientific standards.

As Costs Soar, Sweden May Kill New Warplane

STOCKHOLM — Sweden said Thursday that it was considering scrapping its most ambitious and expensive military project, a technologically advanced warplane, because costs were rising too high.
A Defense Ministry spokesman, Nils Gunnar Billinger, said the military had been forced to reconsider the project's future because the consortium building the plane had recently submitted a bill that went well above previous estimates.

Handwritten Arabic text at the bottom of the page, possibly a signature or a note.

Goals of U.S. Panel on Deficit Shaken by Partisan Quarrels

By Paul Blustein
Washington Post Service

WASHINGTON — The National Economic Commission, once hailed as the last best hope for curbing the federal budget deficit, is beset by growing troubles.

Members of the high-level advisory panel are quarreling openly over spending and tax issues.

If Vice President George Bush, the Republican presidential candidate, wins the election, he appears likely to give the panel short shrift.

And the commission probably will stage a strategic retreat by postponing the delivery of its recommendations several months after the scheduled Dec. 21 date.

These developments raise questions about the commission's role in the future.

After the bipartisan panel was created by Congress in December, many leading politicians and Wall Street analysts predicted it would provide a solution to the deficit after the election by devising a package of spending cuts and tax increases that would be acceptable to the White House and Congress.

In effect, the commission was intended to mobilize political support for the measures that both presidential candidates — and most congressional incumbents and challengers — have been afraid to discuss during the campaign.

Though critics on the left and the right saw the panel as an anti-democratic conspiracy to impose austerity on the American people, supporters in the political center saw it as an essential mechanism for curbing the nation's fiscal profligacy.

But now, expectations for the commission are "dimming day by day," said Susan C. Simon, a first vice president in the Washington office of Shearson Lehman Hutton Inc.

Peter Davis, a vice president in the Washington research office of Prudential Bache Securities, agreed. "It looks like things are blowing up," he said.

Robert Strauss, the Democratic co-chairman of the commission, recently told a group of New York business leaders that the most support he could hope to have for any deficit-reduction program would probably be "eight or nine votes out of the current 12 members," according to the spokesman for the panel, James Hildebrand.

"I think that's very optimistic," said Felix Rohatyn, a New York investment banker who also is a member of the commission.

Such pessimism stems from the public and private statements of some members. The commission has tried to maintain a low profile during the campaign and has held only "educational" meetings, rather than decision-making sessions. But sharp divisions have surfaced.

One panelist, Dean Kleckner, president of the American Farm Bureau Federation, has established himself as an opponent to any recommendation for a tax increase. He recently said that he was "concerned there may be a

commission bias toward tax increases to paper over the basic budget and spending problems."

Two former defense secretaries who sit on the commission, Caspar W. Weinberger and Donald Rumsfeld, also have it made clear that they favor considerably faster growth in military spending than Congress has allowed. They also are opposed to higher taxes.

At a commission hearing Tuesday on defense issues, both said that Pentagon expenditures must be considered solely in light of the Soviet threat and be separate from the deficit issue.

One of the Democratic members, Lane Kirkland, president of the AFL-CIO, is likely to prove as resistant to recommending savings in Social Security and Medicare as Mr. Weinberger and Mr. Rumsfeld are to considering cuts in defense, commission sources say.

As a result, Mr. Strauss and the commission's Republican co-chairman, former Transportation Secretary Drew Lewis, will probably find themselves trying to put together a majority from a core of moderate members.

These panelists include Mr. Rohatyn; Senator Pete V. Domenici, Republican of New Mexico; Lee Iacocca, chairman of Chrysler Corp.; Senator Daniel Patrick Moynihan, Democrat of New York; Representative William H. Gray 2d, Democrat of Pennsylvania; and Representative Bill Frenzel, Republican of Minnesota. Some observers predict that Mr. Strauss and Mr. Lewis will eventually succeed because of the embarrassment that members would feel if the commission did not produce a majority report.

But if Mr. Bush wins the election, the task facing Mr. Strauss and Mr. Lewis may be made more difficult.

Throughout the campaign, Mr. Bush has said he would listen to the commission's recommendations, but he also has warned that if he wins, it will send a signal to the panel to eschew any tax increases.

Sources close to the Bush campaign say that the vice president privately derides the group as a "tax increase commission."

Governor Michael S. Dukakis, the Democratic presidential candidate, also has taken some swipes at the commission, warning that it should not contemplate any cuts in Social Security or other similar programs. But Mr. Dukakis is widely believed to be much more likely to accept the panel's recommendations if he is elected.

Earlier this year, the commissioners decided to issue their initial report on Dec. 21. They said that they believed their work would be "more useful" if their recommendations were available before the next administration took office, according to a document released by the panel.

But because of the disagreement among the members, and Mr. Bush's commanding lead in the opinion polls, that deadline is almost certain to be scrapped in favor of a much later date, commission sources said.



Mr. Bush holding a 3-year-old girl as her brother waved the flag in Grand Rapids, Michigan.

THE HUSTINGS

Many Still Undecided, Dukakis Says

PHILADELPHIA (UPI) — Michael S. Dukakis on Thursday played down the importance of polls showing him trailing George Bush across the country, saying that just five days before the election 25 to 30 percent of voters had not yet made up their minds.

In an interview on CBS-TV the Democratic nominee said: "I think the big states are the ones we're either tied in or are now beginning to move ahead. But there are small states, as well, that I think are beginning to move."

Calling himself a marathon runner, Mr. Dukakis said he would be "driving hard" in the following five days to win the support of undecided Americans. These voters are "looking at us again," he said. "I think they are turning off to the Republican campaign. We're making significant gains in many states, and this one's going to go down to the wire."

One reason for confidence, Mr. Dukakis said, is that Americans "are finally beginning to see that there are important differences" between himself and Mr. Bush. He cited Mr. Bush's stance on the war against drugs as one difference between the candidates.

"Mr. Bush, who has been talking about crime and being tough on law enforcement and finally waging a war against drugs, said that he wouldn't cut off foreign aid to countries that continued to produce this stuff and send it into our country and poison our kids and destroy neighborhoods," he said. "I'll cut off aid to countries that refuse to cooperate with us. That's a fundamental difference between us."

Democrat Fading in California Race

SAN FRANCISCO (WP) — Three months ago in the pivotal race for a U.S. Senate seat from California, Lieutenant Governor Leo McCarthy was running a warm, homey campaign, and the Democrat seemed to have a chance. "A senator for us," his commercials said.

His Republican opponent, Senator Pete Wilson, had not built a strong image in California. And none of the five senators preceding him had lasted more than one six-year term in the demanding state. The Democratic presidential ticket was leading in the polls.

But now, Mr. McCarthy's dogged enthusiasm seems little more than a brave front. The latest Los Angeles Times poll gives Mr. Wilson a lead of 43 percent to 26 percent, with only an unusually large undecided fraction of 30 percent giving the Democrats much hope.

Mr. McCarthy has failed to tarnish Mr. Wilson's reputation as an environmentalist and is having to defend his refusal to release some income tax returns. Mr. Wilson's fellow Yale alumnus, Mr. Bush, is slightly ahead of Mr. Dukakis here in a race now rated as a toss-up.

Mr. Wilson has been attentive to business, particularly aerospace and agriculture, and he expects to spend \$13 million to Mr. McCarthy's \$9 million. In addition, his recent endorsement by 100 fire chiefs is only one of a chorus of burials from public-safety officials in a state where fear of crime governs many votes.

Hacker to 25

A Palestinian man was given a 25-year prison term for killing an Israeli soldier during a five-day trial in a military court. The judge deducted the 10 years from the 35-year sentence because the man was a minor at the time of the crime.

on Troop Pull

On Thursday, the United States announced it would pull 5,000 troops from Lebanon. The move is part of a broader strategy to reduce the US military presence in the region.

3 MIA Remain

Three missing American servicemen were still being sought by the military. The search continues in the region where they were last seen.

opt Frontier

The United States and India have agreed to a permit for the export of technology to the Indian nuclear power program. This is a significant step in bilateral relations.

Ad on Crime Disavowed by Bush, but Hurts Dukakis Anyway

An advertisement for the National Security Political Action Committee, which attacked the Bush campaign, was disavowed by the vice president. However, the ad hurt Dukakis's standing.

Candidates and Crime in a 30-Second Film

A 30-second film titled "Passes" featured photographs of Vice President George Bush and Governor Michael S. Dukakis. The film was criticized for its portrayal of crime.

In U.S. Cities, Race Realigns the Parties

In major U.S. cities, the political landscape is shifting as racial demographics change. This is leading to a realignment of party support.

Ad on Crime Disavowed by Bush, but Hurts Dukakis Anyway

By Stephen Engelberg and Richard L. Berke
New York Times Service

WASHINGTON — The political commercial that raised some of the strongest doubts about Governor Michael S. Dukakis's record on crime seems certain to win a place in the annals of campaign advertising.

The commercial appeared nationally on cable television for 28 days this fall. It featured a police photograph of a glowering Willie Horton, a convicted murderer, who, after escaping while on a weekend pass from a Massachusetts prison, raped a Maryland woman and stabbed her fiancé.

Although disavowed by the campaign of Vice President George Bush, the commercial is the work of an advertising team with long-standing ties to the Republican Party.

It was filmed by a former employee of Roger Ailes, the Bush expert on the communications media. And now, in the waning days of the presidential race, leaders of the National Security Political Action Committee, the independent group that sponsored the advertisement, are declaring that they have

the tacit support of senior officials in the Bush campaign.

The group's activities show how independent political committees can have a major impact on a national campaign and provide a vehicle for carrying out attacks with which a campaign organization cannot be associated.

Senior Bush campaign officials have used strong language to disclaim any connection to the National Security Political Action Committee, which raised some of its money with mailings sent out under the banner of "Americans for Bush."

The general counsel to the Bush campaign, Jan W. Baran, has called the group "bloodsuckers," while Mr. Ailes has said of such independent expenditure groups, "I hate them."

As for the vice president himself, a May 4 letter that the campaign sent to the committee says the candidate "does not endorse nor approve of your activities."

The committee's principals say they have complied with federal election law, which bars independent organizations from coordinating their spending activities with presidential campaigns, but they argue that the Bush camp protest too much.

They say an Oct. 22 letter of praise over the signature of Mr. Bush's running mate, Senator Dan Quayle, is evidence of what they call the campaign's true sentiments toward their activities.

In the letter, Mr. Quayle offered thanks for a copy of another videotaped attack on Mr. Dukakis that was financed by the committee, and called its efforts "a source of real encouragement as well as a great boon to our efforts."

In the past two years, Ms. Fejday's committee has become the biggest spender among independent political organizations. Federal records show that it has sent \$7,032 million in behalf of Mr. Bush's candidacy.

There is no evidence that the committee, in devising the Horton commercial, received any direction from the Bush campaign.

Democrats have asserted that the commercial has racist overtones, partly because it includes the photograph of Mr. Horton, who is black.

NEWS ANALYSIS

gave the Democratic ticket a margin of 17,233 votes in 1960, but favored the Republicans by 111,759 in 1984.

In the suburbs of Atlanta, Cobb and Gwinnett counties tripled in population since 1960 to 464,621 in 1980. They gave the Democrats a 8,409-vote margin in 1960, the Republicans a 109,625-vote advantage in 1984.

The political split between blacks and whites is most sharply reflected in national surveys on issues about the role of government in rectifying racial problems.

In an analysis of National Election Studies data, Donald R. Kinder and Lynn M. Sanders of the University of Michigan found what Mr. Kinder described as a pervasive view among whites that "blacks don't really try, that if they tried, they would do as well as whites."

"The gender gap is negligible compared to the racial gap," Mr. Kinder said in an interview. "These are chasms, not just differences."

Nowhere is the impact of race more apparent than in southwest and northwest Chicago, a city that has experienced more than two decades of racial strife.

Michael Cacchiolo, a former Democrat who is now the Republican committeeman of the 23d ward, said: "The big turning point was in 1983, when the Democratic machine split the vote between the white people and Harold Washington came to power. When that happened, a lot of people felt they were betrayed by the Democratic organization."

Mr. Washington, Chicago's first black mayor, died last year. The creation of Republicans from working-class whites followed the collapse of the political machine of the late Mayor Richard J. Daley. In the 1960s and 1970s, the base of the Daley political machine shifted from the center city to the white wards on its outskirts.

Paul Kleppner, director of the Social Science Research Institute at Northern Illinois University, wrote in his book "Chicago Divided" that "white ethnic voters saved the mayor and his machine as defenders of their values and interests."

Within a few years after Mr. Daley's death, the machine could no longer deliver to white voters. Mr. Washington's election in 1983 broke the ties between City Hall and the northwest and southwest wards like the 23d.

William Julius Wilson, a University of Chicago sociologist, said that there was "a general feeling among a certain segment of the white population that the government in general and Democrats in particular have forgotten about the white working class."

In Chicago, the significance of race is inescapable. During the past year, a central goal animating an alliance of generally white community organizations has been to win passage of a state "Home Equity Assurance Act," to guarantee that homeowners' property values will not fall below current market values. Many residents fear that expansion of the black community will lower their property values.

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LONDON, NOVEMBER 10, 1988

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UPDATE

Spread Hott: An Commission report plans to spread the use of computers in schools and homes.

Kill 8 on Train

Guerrillas of the New People's Army killed eight persons and injured about 50 others on a train in the Philippines. The agency AIM said.

Spread Hott

An Commission report plans to spread the use of computers in schools and homes.

Sweden

Warplaid: The head of the Swedish warplaid industry has been arrested on suspicion of involvement in a major fraud.

Warplaid

The head of the Swedish warplaid industry has been arrested on suspicion of involvement in a major fraud.

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cholesterol testing at the IHT, cited a study indicating that a diet rich in fruits and vegetables could reduce the risk of heart disease. Other studies show that children who eat fruits and vegetables have lower cholesterol levels. The Cincinnati study was one of the first to show that a diet rich in fruits and vegetables could reduce the risk of heart disease.

Mr. Billinger said the contract with the firm was in two parts. The first part was for the design and delivery of the system. The second part was for the installation and testing of the system. The contract was worth \$2.5 million.

EUROPEAN TOPICS

Venice Inaugurates First Tide Barrier

Venice inaugurated its first mechanical tide barrier Thursday in a project aimed at blocking the frequent floods that have afflicted the low-lying lagoon city for centuries.

Politicians Criticize Bonn Refugee Laws

The dramatic surge in the influx of political refugees and ethnic Germans into West Germany has prompted leading West German conservative politicians to question the constitution's guarantee of asylum for the political persecuted.

Lothar Späth, the Christian Democratic premier of Baden-Württemberg, said there was currently "no political persecution" in such East European countries as Poland, Hungary and Yugoslavia.

The debate was touched off by Oskar Lafontaine, the Social Democratic premier of Saarland. Last month he criticized the government for receiving "ethnic Germans of the fourth and fifth generation" with open arms while rejecting Third World applicants from countries like Sri Lanka "whose very existence" was threatened.

Over 200,000 ethnic Germans are expected to settle in West Germany this year as well as more than 100,000 would-be political refugees. Only about 10 percent of applications for political asylum are approved, but East Europeans, who make up about 40 percent of those seeking refuge, are given automatic right of settlement.

Around Europe

French cosmonauts will return to space next month when Jean-Loup Chrétien takes off for his second space voyage, this time on the French-Soviet mission Ariane 5, which will dock with the Soviet manned space station Mir.

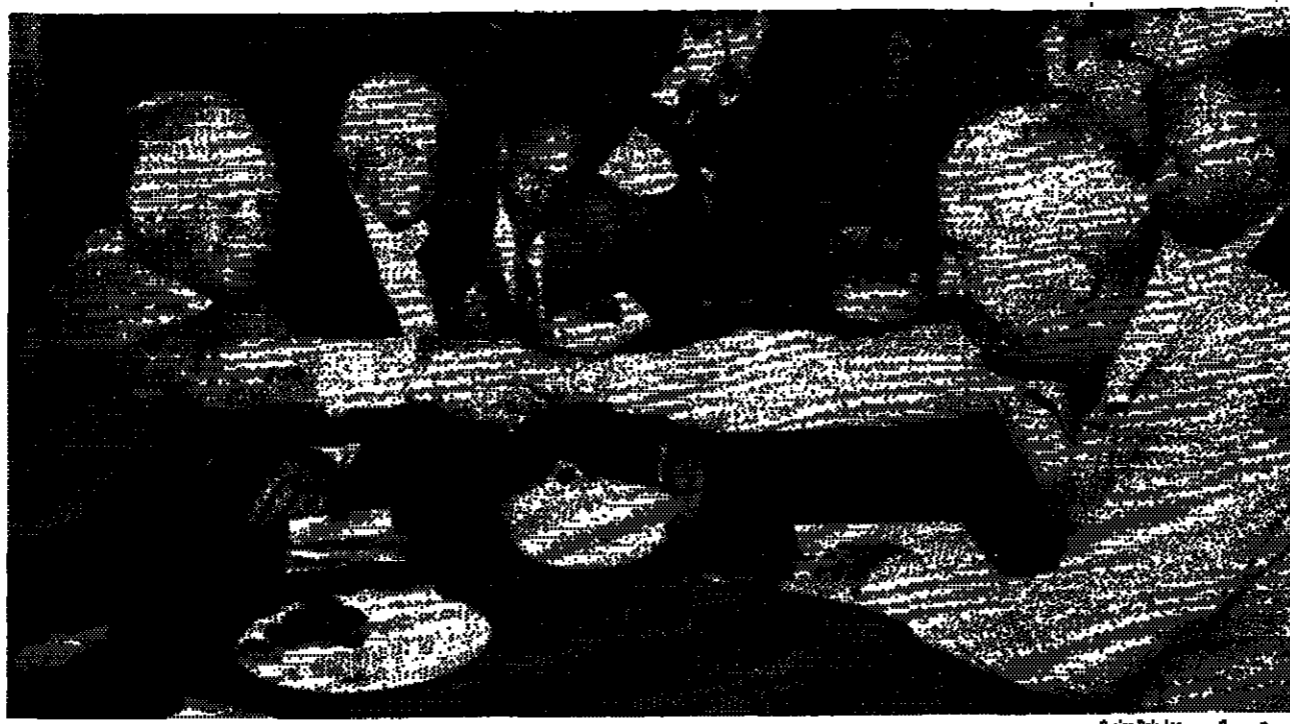
Madrid is to house Spain's first permanent exhibition center for stolen goods. The purpose of the center, nicknamed "The Thief's Museum" by the Madrid daily El País, is to help citizens identify and recover possessions stolen from them in burglaries, muggings, car thefts and the like.

The inhabitants of Reykjavik have voted against allowing dogs in the Icelandic capital, thus putting an end to a four-year old experiment with restrictive dog ownership.

The historic rule book of Cambridge University is to be rewritten in gender-free terms. The British university's dons — heads, tutors and fellows — have voted, 348 to 260, to end the use of male pronouns to describe members of both sexes in the 1,152-page Statutes and Ordinances.

U.S. legal officials said they were having second thoughts about sending disputes over sovereign immunity to the World Court because the American and Soviet starting points in the discussion appeared too far apart.

Sytske Looijen



Mr. Shamir, left, during negotiations on a coalition Thursday in Jerusalem with Rafael Eitan, leader of the rightist Tsomet Party.

Rights Group Says Peru Allows Abuses

By Alan Riding

RIO DE JANEIRO — An American human rights organization has charged that the civilian government in Peru is tolerating growing human rights abuses by the armed forces in their eight-year-old war against Maoist guerrillas.

Peru over the last five years, said in a new report that abuses against civilians were concentrated in the Andean region of Ayacucho, where Shining Path guerrillas were most active.

Americas Watch said the government of former President Fernando Belaunde Terry "made a conscious decision to abdicate its authority over the military," and ignored protests over human rights.

The government has said that 10,627 people died in the region from 1980 to 1987, of whom 560 were soldiers or policemen, 3,906 were civilians and 6,161 were "Communist terrorists."

SOVIET: World Court Decisions

(Continued from page 1)

future disputes between them relating to the immunity of each government from judicial action.

The State Department's chief legal counsel, Abraham D. Sofaer, said this week that the talks among the five permanent Security Council members were "proceeding constructively."

The Soviet official said Moscow thought the five permanent Security Council members might consider agreeing to World Court arbitration in several areas of international law, including disputes about finance and trade and in cases relating to international terrorism and drug trafficking.

U.S. legal officials said they were having second thoughts about sending disputes over sovereign immunity to the World Court because the American and Soviet starting points in the discussion appeared too far apart.

The United States takes a nar-

row view of sovereign immunity, arguing that only strictly governmental acts — and not those of state-owned trading corporations or other official bodies, for example — should be immune from judicial review.

When the World Court was set up in 1946, the United States accepted its binding jurisdiction in all cases except those falling within the jurisdiction of American courts, as determined by the United States.

Forty-three other countries also accepted the court's jurisdiction though usually with important reservations. France, China and the Soviet Union did not.

But two years ago, the United States withdrew the qualified U.S. support for the court after Nicaragua successfully sued the United States for mining its ports and aiding rebels fighting the government, leaving Britain as the only permanent Security Council member which in principle still accepts the court's general jurisdiction.

best be described as one of resignation. "Impunity for those who wear uniforms continues, and the Peruvian public no longer believes that the government has any real intention of pursuing justice," the report said.

The report was written by Juan E. Mendez, the Washington director of Americas Watch. During a visit to Peru in July, he was prevented by the military authorities from leaving the city of Ayacucho to gather additional information.

COUP: Maldive Islands Attacked

(Continued from page 1)

visit India on Tuesday but canceled the trip without giving a reason.

The Maldives archipelago is of minor strategic importance, although it is situated about 300 miles (480 kilometers) north of Diego Garcia, the U.S. military base in the Indian Ocean.

Mr. Gayoom, who has followed a nonaligned policy since coming to office, has in recent years refused an offer from the Soviet Union to lease its Gan Island, a former British air base, Reuters reported.

Male is 400 miles southwest of the Indian port city of Trivandrum, from where 1,600 paratroopers were to be flown to the islands, the Press Trust of India reported.

The Indian decision appeared partly aimed at asserting New Delhi's grip on the region and at heading off possible moves by other countries to intervene in behalf of Mr. Gayoom.

An Indian spokesman said the Maldivian leader had also asked for assistance from the United States.

In Washington, the State Department said Thursday that the United States had taken no action against the coup attempt and de-

nied rumors that an American aircraft carrier was heading there, Reuters reported.]

India has a large military presence in Sri Lanka, where tens of thousands of troops are battling T-til separatists under the terms of a 1987 agreement between Mr. Gandhi and President Jinnas R. Jayawardene.

Officials in New Delhi and Colombo speculated that Political forces of Mr. Gayoom, supported by a wealthy cabinet businessman, were behind the assault and that they had hired several hundred mercenaries.

There was no authoritative figure for the number of mercenaries involved, although Reuters quoted diplomats in Sri Lanka as saying that there were "up to 400."

The Maldives, known for its tourist beaches, has a population of about 200,000. The economy relies heavily on fishing.

28 Die in Turkish Bus Crash

ISTANBUL — A bus collided head-on with a truck Thursday in thick fog, killing 28 people and injuring 11, traffic police said.

A Revived Cause: 'Transfer' of Arabs

By Glenn Frankel

Washington Post Service

JERUSALEM — The new rightist Israeli government will include among its members a significant minority that favors some version of a cause that is gaining increasing popularity among Israeli Jews: the forced expulsion of some or all of the Arab population of the occupied West Bank and Gaza Strip.

One of its advocates is Rehavam Ze'evi, a former military commander of the occupied West Bank, whose small Knesset or Homeland Party won two Knesset seats in the election Tuesday by campaigning on a platform whose slogan asked Israeli Jews: "Who will go — us or them? The choice is still in your hands."

Mr. Ze'evi met Thursday with Prime Minister Yitzhak Shamir and said he would support a Shamir government. So did Rafael Eitan, a former army chief of staff whose Tsomet Party, which won two seats, advocates a more limited form of expulsion.

Mr. Ze'evi calls expulsion by the euphemism "transfer." It was once taboo in Israeli political circles and used only by supposed fanatics like Meir Kahane. Kabbal Kahane was banned from running for parliament, but the idea he championed has gained legitimacy.

The former general argues that

Israel was built upon the principle of expelling the Arabs who lived here first.

"We came to conquer land and settle it," he told a small crowd in Jerusalem last week. "If transfer is not ethical, then everything we have done here for 100 years is wrong."

His small Homeland Party may be the most extreme, but it is not alone. Eitan's Tsomet believes that many Israeli Arabs should be resettled in Libya, and he calls for government steps to compel them to leave "voluntarily."

The rightist Tehiya Party, winner of three seats, calls for "rectification" in Arab nations of the estimated 800,000 Palestinian refugees of the West Bank and Gaza Strip. Although he himself professes to oppose mass expulsion, there are many members of Prime Minister Yitzhak Shamir's own right-of-center Likud who have spoken publicly in favor of it.

Party Upset With Peres

Labor Party officials are considering removing Shimon Peres as party leader because of Labor's poor showing in the elections, party sources and published reports said Thursday, according to The Associated Press. Five Israeli newspapers and Israel radio said as many as five ranking leaders in the party have discussed it.

ISRAEL: Shamir Rejects Changes

(Continued from page 1)

power for four years. The Labor leader told the heads of other parties at meetings Wednesday and Thursday that he would not join a new national unity government unless it adopted his peace plan.

The interview with Mr. Shamir was sandwiched between meetings that the prime minister and his advisers were holding with the various small parties that are potential coalition partners for a new Likud-led government.

Mr. Shamir said he was "under constant pressure" because of the lengthy and intricate bargaining sessions, but he said he did not foresee "any exceptional difficulties" that would prevent him from forging a new government.

Likud won 39 seats in the 120-member Knesset, one more than Labor's 38, according to unofficial results. If the 7 seats of his rightist allies and the 18 seats of the four religious parties were added, Mr. Shamir could have as many as 64 seats, or a majority of 8 seats, compared with 56 seats for Labor and the left.

The final official vote tally should be complete by the weekend, and next week President Chaim Herzog is expected to give Mr. Shamir the opportunity to begin formal coalition negotiations. He then will have three to six weeks to complete the task.

Mr. Shamir said his new government would "take energetic measures" to smother the 11-month Palestinian uprising in the occupied West Bank and Gaza Strip, but he refused to provide specifics.

He said his victory would send a clear message to Palestinians that "they have to regard as an illusion an international conference and a Palestinian state." Therefore, they will have to realize that "the only

way to advance the interests of the Palestinian population is to come to negotiations," he said.

Arab leaders, too, will have to realize that "there is no alternative" to direct negotiations with Israel, said Mr. Shamir. As for the United States, which has endorsed an international conference as part of Secretary of State George P. Shultz's regional peace initiative, Mr. Shamir said that Washington's "main target" was the same as his: "to bring the parties to direct negotiations."

The prime minister dismissed as "exaggerated" the fears of American Jews that the ultra-Orthodox would push Israel further down the road to a Jewish theocracy with demands for religious purity.

"We know the moods and the worries of the Jewish community in the United States," he said, "and we don't think now to change in this regard the existing status quo."

High on the list of ultra-Orthodox demands is a stronger commitment from Mr. Shamir to support an amendment to Israel's "law of return," which guarantees the right of every Jew to emigrate here. The amendment would exclude Jewish converts from the Reform and Conservative movements.

While the number of converts involved is quite small, the amendment has been vigorously opposed by Reform and Conservative Jews as an Orthodox attempt to delegitimize their movements.

Likud has long supported the so-called "Who Is a Jew" amendment, but it has never invoked party discipline to compel its Knesset members to vote for the bill, which has always been narrowly defeated.

Asked twice Thursday if he would invoke party discipline on this issue, Mr. Shamir replied that "there will not be any new development in this regard."

SPAIN: Socialists' Woes

(Continued from page 1)

Fraga," predicted Julien Guimón, the party's Basque leader. "Herández Mancha will withdraw. Common sense will prevail."

When Mr. Fraga quit politics, it was felt that an era had ended. He was the only major minister under Franco to remain popular under democracy. He held two ministerial posts, information and tourism. As information minister, he was in charge of press censorship.

By 1982, he had built a coalition that won 26 percent of the vote and held 106 seats in the 350-seat lower house of parliament. But in the 1986 elections, the party polled 20 percent and the number of its seats fell to 68.

On quitting, Mr. Fraga said it would be his "last direct participation" in politics. Recent polls put his popularity rating at 4 percent.

Despite its poor showing, the Popular Alliance remains the main opposition to the Socialist Party, which holds 184 seats in parliament. The current split is expected to weaken the right further.

POACH: A Frenzy of Attacks on Wildlife in Kenya

(Continued from page 1)

Kenyan government have gone public recently with scathing criticisms of the way Kenya is managing its valuable wildlife.

Richard Leakey, chairman of the private East African Wildlife Society, recently called the poaching problem a "growing national crisis — economic sabotage with far-reaching and lasting effect on the stability and success of this country."

Conservationists and a growing chorus of government officials have publicly questioned the performance of the Kenyan Department of Wildlife Management and Conservation.

Hunting was banned in Kenya in the late 1970s, but elephants are being poached for their ivory at a rate of at least 150 per week, conservationists estimate. Kenya's dwindling elephant population, which has declined by 65 percent in 15 years, is now put at about 16,000, according to a recent government survey. Some conservationists believe the actual figure is closer to 11,000, down from more than 140,000 in the early 1970s.

President Daniel arap Moi, in response to the crisis, decreed in September that all poachers would be shot on sight. He also ordered that all mining and prospecting operations within the parks be suspended. Since then, government police have rounded up dozens of suspected poachers.

Less than a month after the president's shoot-to-kill order, however, 11 more dead elephants were found near Tsavo West National Park.

The poachers are believed to be aided by corrupt game wardens, rangers, itinerant cattle herders and ivory traders who supply the poachers with trucks and places to hide.

"Clearly, if you are in a national park with people going in with trucks and automatic guns and saws and coming out with tusks," Mr. Leakey said, "then there must be collusion."

Outfitted with automatic weapons gathered from East Africa's many civil wars, the poachers are able to kill large groups of elephants in a short period of time.

"There is very little question that certain branches of government — including the police — have turned a blind eye to what's going on," said David Western, a Nairobi conservationist.

Since September, more than 40 rangers and wardens in the Department of Wildlife Management have been charged with corruption or collusion with poachers. Sixty others are said to be under investigation, and the present minister, George Muhoho, has promised further prosecutions.

This is not the first time, however, that the department has tried to correct its abuses. Early this year it dismissed more than a dozen senior bureaucrats and wardens who were alleged to have been poaching or collaborating with poachers. The minister in charge of the department was also relieved of his duties.

Many of those rangers and wardens have since been reinstated. Sources close to the department say that bureaucratic and political considerations, as well as family and tribal loyalties, continue to make it hard to dismiss corrupt officers.

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دكتوراه في الآداب

Indonesia's Closure Of 2 Straits Worries Maritime Powers

By Michael Richardson
International Herald Tribune

SINGAPORE — Indonesia's brief closing recently of two strategic straits used for international shipping has prompted expressions of concern from the United States, the Soviet Union, Japan, Australia, and European countries eager to avoid precedents that impede freedom of navigation.

Western diplomats said Thursday that Indonesia's action appeared to be a reaffirmation of its claims to sovereignty over several important deep-water straits linking the Pacific and Indian oceans.

Legal experts said the closing of the Lombok and Sunda straits also reflected "containing" ambiguity over some key provisions of the United Nations Convention on the Law of the Sea. If ratified, the law will regulate virtually all uses of the oceans and resolve conflicting claims.

The 1982 convention was the subject of renewed debate in the UN General Assembly on Tuesday.

Although signed by more than 140 countries, the convention has been ratified by only 35, or 25 percent of the number needed to bring it into force.

Diplomats said that Indonesia closed the Sunda and Lombok straits for three days in September for a naval exercise, although no foreign ships have reported being delayed or diverted.

The straits are used by commercial and naval vessels of many nations.

The Indonesian defense and security minister, General Benny Murdani, said last week that Indonesia had been applying its "sovereign right to conduct exercises in any part of the archipelago" by closing the straits for a few days.

But this explanation was disputed by the Australian foreign minister, Gareth Evans, who said that the United States, West Germany and Australia had made "diplomatic representations" to Indonesia about the closure.

Western diplomats said that Japan and Britain had also questioned the Indonesian government about the matter.

Contacted by telephone in Jakarta, a spokesman for the Soviet Embassy said that the Soviet Union was "definitely concerned" about what had happened, although it had not raised the issue with Indonesia.

Asked whether Moscow would bring up the issue, he replied: "We will watch the situation."

The Lombok and Sunda waterways are not as busy as the Straits of Malacca and Singapore, which provide the shortest sea routes between east Asian countries, including Japan, and Europe and the Middle East.

But the Lombok and Sunda

straits are regarded by maritime powers as important alternative gateways.

They have the additional advantage of being much deeper and less congested than the Straits of Malacca and Singapore.

For example, for safety reasons giant tankers of more than 200,000 tons carrying oil to Japan usually pass through the Lombok channel and the adjacent Makassar Straits in Indonesia.

Both U.S. and Soviet submarines use the deep-water Indonesian straits to pass undetected between the Pacific and Indian oceans, analysts said.

In the crowded and relatively shallow Straits of Malacca and Singapore, submarines would risk colliding or running aground unless they traveled on the surface for part of the way, the analysts added.

In a study on access by naval powers to Southeast Asian waters, Lee Yong Leng, a professor of geography at the National University of Singapore, wrote that unimpeded transit through the straits was vital for the superpowers so that they could send their naval forces "in the shortest possible time to crisis spots regardless of whether it is a defensive or offensive capacity."

Jakarta's assertion of control over straits between the more than 13,000 islands of Indonesia is based on the country's special status as an archipelagic nation. The Philippines, with more than 7,000 islands, has also declared itself an archipelagic nation.

Both countries have asserted their sovereignty over the seas within their archipelagos to protect their national security and unity.

The Indonesian foreign minister, Ali Alatas, said the Lombok and Sunda straits, bounded by Indonesian islands, had a different status than the Straits of Malacca and Singapore, which run between Indonesian territory to the south and Malaysia and Singapore to the north.

Indonesia, he said, does not intend to "permanently block off" its straits to international traffic. In cases of temporary closure, he said, "we will provide alternative routes."

But Mr. Evans of Australia, reflecting the views of the United States and other maritime powers, said, "We don't accept that Indonesia's sovereignty extends to any right to close at will for whatever reason particular passages whether they be unequivocally international in character or whether they be these archipelagic sea lanes."

Speaking after talks with General Murdani and Mr. Alatas in Indonesia, Mr. Evans said he thought that "there may still be some differences of opinion, but they are differences that can be worked out in further discussion."



Ralph Lauren took his favorite themes and made each look fresh.

Top Designers Showing Modern Classics

By Suzy Menkes
New York Times Service

NEW YORK — With American fashion — to use Barbara Bush's assessment of herself — what you see is what you get.

New York's most influential designers are giving us sportswear — easy, fail-safe pieces where the lines are squeaky clean and the look modern and wearable. Pants are the major story; skirts are mostly short. Interest comes in fabric and color, which includes sophisticated gold and silver among breezy navy and white.

Classic design needs to be constantly replenished. Ralph Lauren's achievement, in a very fine show, was to revisit his favorite themes — the hearty-and-honest of Andrew Wyeth's paintings, Navajo Indian country or WASP America — and make each look fresh.

Lauren did this with color, giving flowered chintz skirts a patina of age and the white tucked blouses a light crispness. Shades of pale included a butterscotch leather sarong patterned with chalky Indian drawings, shorts and blazer in dotted cream flannel and a jodhpur outfit in which an airy white organza blouse went under a cream brocade vest.

Navajo blanket knits looked like paintings when their mauve, orange and green patterns were laid over beige chamois pants.

Pants were the story right through the show. They came in simple stone or navy linen — sporty with polo shirts and newest

with a soft jacket, sashed like a babouche. Details were perfectly realized from the beaded moccasin slippers to the carved ivory pins.

Tender was the night, when wide satin pants were worn with soft

blouses and high-waist sailor pants and skirts studded with domed brass buttons. Snow white lace blouses and matelot stripes in shell pink and black, as well as the inevitable navy and white, were refreshing.

NEW YORK FASHION

Although Calvin Klein's hemlines were mostly very short, there were long washed silk skirts, some split to the thigh below tiny tank tops. They came in delicious colors: lilac, vanilla, apricot. The camisole top with wide pants was a repetitive theme, enlivened by gold and silver shoes and accessories.

Bob Mackie's collection was terrific when it was tacky and dull when he abandoned Californian glitz. Show stoppers from Hollywood's fashion king included a group of three shake-it-all-about fringed sequin dresses inspired by quake city, and a witty jacket, its body traced with freeways with miniature cars racing around the tracks. Sequined shorts outfits, cut like wet suits and colored orange,

turquoise and lime, were more convincing than chiffon dresses with Spanish religious embroideries.

Carolynne Roehm embroidered gilded snakes and blackamoor heads on her limpid, luxurious sportswear. This spruced up a show that had fresh ideas among the classics. Roehm, who pulled a glitzy audience, including designer Oscar de la Renta (for whom she once picked up pins) showed only pants at the start of her collection. They were wide-ish, and came in red and navy under swingy tops. High waist jump suits with gold buttons and blouses that tied at the midriff both drew a new proportion. Slinky bias-cut evening dresses in navy and white stripes, or with chiffon pleats set into godets from the knees, proved that Roehm is an inventive cutter.

De la Renta played safe, showing day wear that was neat and quiet: suits and tailored coats in taupe, with matching beige hose and shoes. Navy and cream knits with gold buttons, which de la Renta did well, are becoming a classic of this New York season. The designer also put brass buttons on bare little dresses that had crossover straps at the back. Other dresses were waisted, full-skirted and 1950s style.

The summer night was dark, with black chiffon cloque and lace. But color burst forth for very wide asymmetric culottes, in pink banded at the ankle with stripes of cobalt blue or green. These palazzo pants, with wide tops, in fuchsia pink, teal or orange, made lighthearted, luxurious evening separates.

blouses with a waterfall drape. They smelled of old money, or, as Bergdorf Goodman's Dawn Mello put it: "The clothes look fresh, modern, and what's more they look expensive."

Calvin Klein made the philosophy that less is more the height of fashion. This season, his designs were so spare, so pared down, so minimal, that they might have disappeared altogether, had they not been worn by the most succulent all-American models. Their perfectly molded bodies and loose flowing hair gave sensuality to the simple ribbed tank tops and soft washed silk pants.

The show opened on a nautical note, with quicksilver stretch swim-

Mehta to Leave N.Y. Philharmonic

New York Times Service

NEW YORK — Zubin Mehta, the music director of the New York Philharmonic since 1978, has announced his resignation to pursue "other artistic endeavors" involving less administrative work.

He will step down at the end of his current contract, which extends through the 1990-1991 season.

Mr. Mehta, 52, told the orchestra of his decision at a rehearsal Wednesday. He has not announced his acceptance of any new position.

London newspapers have reported that the London Philharmonic has actively sought Mr. Mehta's services, and there have been rumors that he might return to the Los Angeles Philharmonic.

"It was the attitude which kept the passengers happy."

This is an authentic passenger statement.



Heiress Aided Marcoses In 'Disgust' at U.S. Acts

The Associated Press

NEW YORK — Doris Duke said she put up \$5 million bail for Imelda R. Marcos because she was "disgusted, embarrassed and ashamed" with the way the U.S. government had treated the former Philippine first lady and her husband.

"I have always believed that an accused person is innocent until proved guilty," Miss Duke said in a written response to questions submitted by the New York Daily News, published Thursday. "I wish the rest of America agreed with me."

Miss Duke, 75, the widow of a former head of American Tobacco Co. and who was once considered to be among the richest women in the world, said she would gladly testify as a character witness for the Marcoses, whom she considered her "dear friends."

Ferdinand E. Marcos and his wife, who are charged with racketeering, are accused of plundering \$103 million from the Philippine treasury, funneling it to foreign bank accounts and using it to buy prime New York City real estate and art.

"I am disgusted, embarrassed and ashamed of my country's mistreatment of Imelda and heriling husband, Ferdinand," Miss Duke wrote. "Why should America spend millions and millions of dollars prosecuting two people who for a generation have been our closest allies, including our Pacific outpost against communism?"

Her lawyer, Donald Robinson, said Wednesday that Miss Duke posted the bond "because she knows that Mrs. Marcos didn't commit any crimes."

Mrs. Marcos, 59, who has been staying in an \$1,800-a-day suite at the Waldorf Towers, did not attend Wednesday's hearing.

Her 71-year-old husband cannot leave the Hawaii island of Oahu without permission of the Justice Department, under a prior restriction. He remained in Hawaii, where the two have lived since the former president was overthrown in a popular uprising in 1986.

Defense attorneys argued last week that he was too frail to make the 10-hour flight. Judge Keenan postponed his arraignment until Mr. Marcos could be examined by a government physician.

Assistant U.S. Attorney Charles LaBella said the examination was completed Monday but the physician's report was not ready.

A lawyer for Mrs. Marcos said she planned to visit Miss Duke on her 2,700-acre (1,095-hectare) estate in New Jersey this weekend, even though she would be free to return to Hawaii as soon as the bail paperwork was completed.

The eight co-defendants — including the Saudi financier Adnan Khashoggi — remained at large outside the country, Mr. LaBella said.

AMALFI: Italian Wedding Town

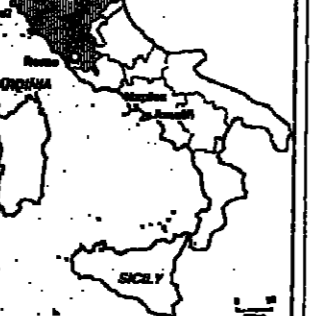
(Continued from page 1)

the degree of extravagance and consumption that is brought into the church.

He had to draw the line when it became a fashion to hire an orchestra for the ceremony, but part of the cathedral's appeal is the 61 steps leading up to a spectacular porch. This allows the bride a grand entrance and lends itself to big wedding parties that arrive in grand processions.

"We do not close our doors to weddings," Don Andrea said, "even when I have trouble fulfilling my other duties because this fact has a certain value to the community."

Enzo calculates that about \$200 a guest is left in Amalfi by a first-class wedding.



"Marriage has always involved a certain meeting of the sacred and the profane," he said.

Don Andrea is now taking reservations for 1989 weddings and many of the best weekend mornings all the way into next September are already booked.



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Herald Tribune

Published With The New York Times and The Washington Post

Gorbachev Goes Shopping

If Mikhail Gorbachev succeeds in reforming the Soviet economy, will Moscow pose more or less of a threat to Western security? Should the West link increased trade and capital flows to good Soviet behavior in arms control, regional conflicts and human rights?

Thatcher Is Way Wrong

When she is right, nobody is more fiercely impressive than Margaret Thatcher. And when Britain's prime minister is wrong, her zeal compounds the damage and embarrassment.

A Peacemaker, Please

The greatest gift the next president could bestow upon a grateful America would be a period of rest on social issues—a respite in which he need his office to calm and turn down, not magnify, the volume of debate on race and sex, affirmative action, abortion, church vs. state, civil liberties vs. law enforcement and all the other take-or-prisoners questions of the last eight years.

Other Comment

What Reagan Achieved Ronald Reagan, above all, transformed the climate of arm control negotiations. He overcame the credit for that to Mikhail Gorbachev. But the two men had an entirely different approach to nuclear policy.

Save the Whales, But Keep an Eye On the Humans

By Sadruddin Aga Khan and Sir Peter Scott

GENEVA — So the whales are thought to have escaped the Arctic ice floes. The television cameras have gone as well. We can now settle down and wait for the next media tizzy over some unusual happening in the animal kingdom.



plentiful whale milk — though a market would have to be developed for it (at present, baby whales are the only known consumers). Meanwhile, stocks of meat and powdered milk keep growing in the industrialized nations.

Cambodia: When It's Late and the Visitors Won't Leave

By Frederick Z. Brown

WASHINGTON — On Saturday, Prince Norodom Sihanouk, the exiled leader of the Cambodia coalition, is to sit down in Paris with Hun Sen, the prime minister of the Vietnam-backed People's Republic of Kampuchea.

The Better to Eat You With

AS the Soviet-bloc countries experience serious economic problems, their leaders are turning for relief not to the principles of Marx but to the capitalist West.

On Old Times With Imelda and Ferdie

By Leonard Saffir

DEAR Imelda Marcos: Welcome back to New York City, where it all started for you and your 25 years ago, when he sought the Philippine presidency.

in tatters, is under pressure to end the Cambodian occupation and establish normal political and economic relations with the West and ASEAN.

The prince and his non-Communist colleagues have started to create the essential conditions for their future survival in a coalition with Western Leninists.

100, 75 AND 50 YEARS AGO

1888: Imperial Escape ST. PETERSBURG — The narrow escape of the czar and the Imperial Family in the accident to the Imperial train at Borok continues to cause great excitement.

What About The S&Ls, Mr. Bush?

By Hobart Rowen

WASHINGTON — The most pressing domestic economic problem facing the next U.S. president almost surely will be the crisis in the savings and loan industry, measured in terms of a potential \$50 billion to \$100 billion taxpayer bailout.

James Baker, the manager of George Bush's campaign, found out quickly after he took over the Treasury from Donald Regan that it was not wise to leave the international value of the dollar to the speculative whims of the foreign exchange markets.

The question is not how much Vietnamese influence over Cambodia the interested non-Communist countries are prepared to tolerate, but what they are prepared to do to limit it.

1938: Il Duce for Islam TRIPOLI — A colossal equestrian statue of Il Duce, brandishing the Sword of Islam, was unveiled today (Nov. 3) by Marshal Balbo, Governor General of Libya.

سكنا من الاصل

OPINION

There Will Be No Peace, And the Israelis Will Pay

By Anthony Lewis

BOSTON — There will be no peace. For the foreseeable future, Israel will rule the 1.7 million Palestinians of the West Bank and Gaza by force. Resistance will continue, and terrorism will be the only response with greater repression, spending not only its financial but its moral capital to keep the occupied territories.

That is the prospect after the Israeli election. To put it so starkly is jarring, but it is the reality. Indeed, it may underestimate the grimness of the implications for the future of Israel.

The result was a virtual deadlock between Likud on the right and Labor on the left. But small parties on the extreme right made gains, as did the religious parties. In all likelihood, then, Prime Minister Yitzhak Shamir of the Likud bloc will be able to form a governing coalition.

Mr. Shamir has said again and again, in the most rigid language, that he will not give up an inch of the West Bank or the Gaza Strip. There are some younger figures in Likud who see Palestinian reality, but any modest victory they may have is going to be drowned out now by the right.

One fact tells the story. Tehiya, a party of the far right, lost votes this time because it did not call for "population transfer" — a euphemism for driving the Palestinians out of the West Bank and Gaza. Two parties that favor forcible expulsion gained seats. And so did the orthodox parties that increasingly speak for a religious-nationalist view of holding on to the territories.

Mr. Shamir has always said he is ready to negotiate with any Arab state. But, given his view, there is nothing to negotiate about. King Hussein of Jordan has no reason to go to a negotiation whose stated purpose would be to ratify Israeli sovereignty over the West Bank. Neither do the Palestinians in the territories, who have made resoundingly clear over the last 10 months that they will not accept their present status as people without rights, without their national identity.

So Israel will continue to rule those Palestinians against their will. The strain upon Israeli society is enormous: a Jewish population of 3.6 million trying to control a hostile indigenous population of 1.7 million. It is as if the United States set out to rule 100 million people of another culture and national identity.

The message of the election will not be lost on the Palestinians. Those who had begun to think in terms of a political solution — accepting Israel's permanence and living alongside it in a Palestinian ministe — will despair. The hard men will gain influence.

Already the political hope of the Palestinian uprising, getting no response, had begun to run into the sand. Just before the election there was an appalling rise of terrorism: Palestinians fre-

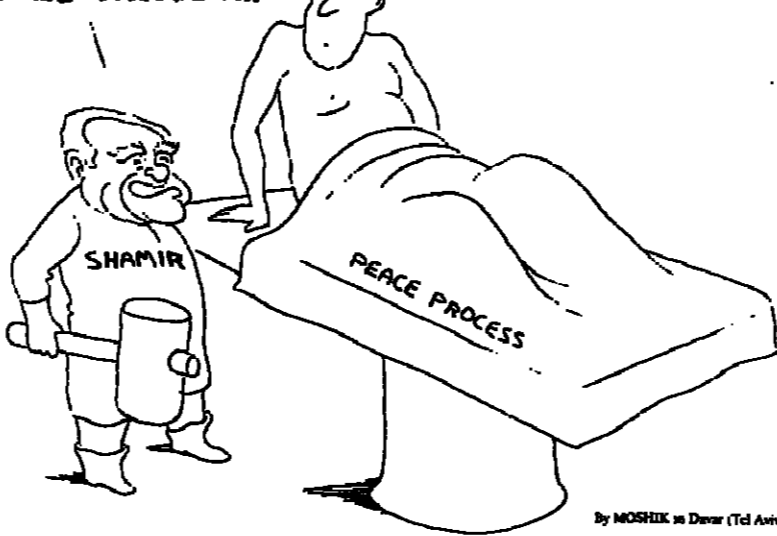
bombed a bus on the West Bank, killing an Israeli woman and her three children.

That is the past and the likely future, outrage breeding Israeli fear, fear breeding hate, the cycle of violence going on. One can see no end without leadership willing to face reality, but where is that leadership? Shimon Peres, the Labor Party leader, ran a campaign that never squarely faced the need to deal politically with the Palestinians. The PLO stalled and evaded the need for a political initiative toward Israel. The American president? He has been invisible on the issue for years.

Someday, perhaps, there will be a zero-sum game, a struggle in which there must be a victor and a vanquished — whether intentionally, as the Arab extremists wish, or by an unwillingness to compromise, as the Jewish extremists are doing — is fraught with danger.

Yehoshafat Harkabi, the former Israeli chief of intelligence, has a gripping book due out in the United States shortly, "Israel's Fateful Hour." In it he warns of what the failure to settle the conflict may do to Israel.

RELAX! I'M JUST THE ANAESTHETIST...



By MOSHEK in Draw (Tel Aviv) CAW Studios.

"Terrorism and civil insurrection will get worse," he writes, "and consequently so will the repressive measures against Arabs on both sides of Israel's pre-1967 borders. Extremist Jewish religious nationalism, with its hostility toward non-Jews, will also intensify."

He adds: "Turning the conflict into a zero-sum game, a struggle in which there must be a victor and a vanquished — whether intentionally, as the Arab extremists wish, or by an unwillingness to compromise, as the Jewish extremists are doing — is fraught with danger."

Continued conflict may doom the Arabs to backwardness and destroy part of their lands, but it threatens Israel's very existence. After this election, General Harkabi must know how Cassandra felt. The New York Times.

Enter Fortinbras's Army, Behind Plexiglas Shields

By Janusz Glowacki

NEW YORK — Shakespeare's "Hamlet," in accord with how directors and artists sensed their time, has been played in dozens of ways: a criminal melodrama, a drama of metaphysics, a lesson in Viennese psychoanalysis or an internal passion play.

At the end of the 20th century, "Hamlet" once again looks beyond the man to the state of the nation, and seethes with politics.

As recently directed by Ingmar Bergman, it is less about a young man's inner struggles than about a nation's collapse, about what Bergman feels lies behind the prosperity in the West, about the political and moral circumstances that drive a man mad.

That "something is rotten in the state of Denmark" has seldom been shown with such force. But the meaning of this capacious play also depends on the audience that sees it. "Hamlet" staged in the Mark Taper Forum in Los Angeles means something quite different from "Hamlet" staged in the Taganka Theater in Moscow. It has a different meaning in Kansas City and yet another in Armenia. In 1980, just before the founding of Solidarity in Poland, I went to "Hamlet" in Warsaw.

The hero's observation in Act II that "Denmark is a prison" provoked enthusiastic applause. We do not know if Queen Elizabeth I liked the first production of "Hamlet," but surely the Elsinore Court and the murderer on the throne might not have appeared completely exotic. The times were hard. She herself ordered more than 1,000 heads cut off. The queen must have appreciated the fact that the promising young playwright showed sufficient political maturity to set the action of the play in Denmark.

In more recent times, neither Hitler nor Stalin liked "Hamlet" very much. Of course, both of them being serious statesmen, they did not consider the possibility that someone might identify them with the murderous King Claudius. Still, they were very irritated by the play's overtly intellectual protagonist, who talks too much and does too little. While Hermann Göring eventually permitted his favorite actor, Gustaf Grunnges, to stage "Hamlet" in Berlin, the production had a hero that the Third Reich could be proud of: dynamic, a man of action and, most important, a full-blooded Nordic.

In the 1930s, the great Soviet theater director Vsevolod Meyerhold had a very interesting idea. He wanted to show the duality of Hamlet by casting two actors in the role. One would symbolize action, the other reflection. Meyerhold, in the end, did not stage "Hamlet." He was arrested in 1938 for refusing to submit to Soviet constraints on artistic expression and was executed.

If Hamlet appeared on the political arena in this year's U.S. presidential campaign, which interpretation would be chosen by analysts as most attractive to American voters? The fact that Hamlet talks too much and does too little would not pose an obstacle. But he would be eliminated from the race because of his extramarital affair with Ophelia.

In Ingmar Bergman's production, the Swedish actor Peter Stormare played Hamlet in a black turtleneck sweater, sun glasses and a black rubber coat. He would not stand a chance in a presidential debate: For too long he was too close to power to preserve even a trace of innocence or a bit of illusion.

At the University of Wittenberg, he had read the Manifesto of the Red Brigades and learned how to use a stiletto. This is a Hamlet who drags the wounded Polonius roughly from behind the curtain and finishes him off with great expertise. He has been sleeping with Ophelia regularly and has observed Fortinbras with interest. This episodic figure of the Norwegian prince has for centuries been very important to Shakespeare's "Hamlet." Moments after Hamlet's death, the Norwegian army enters Elsinore: On Fortinbras depends the future of Denmark.

In the shocking final moments of Bergman's "Hamlet," Fortinbras's army enters by demolishing the back wall of the stage, carrying machine guns and boom boxes that blast a deafening roar of hard rock music. On their heads they are wearing black helmets with Plexiglas shields. They are a cross between Middle East terrorists, New York City crack dealers and South American guerrillas. Expertly, they toss corpses into a common grave, followed by the furniture.

Owning Hamlet's dying request, Horatio tries to explain to Fortinbras what has been going on in Denmark. Fortinbras orders Horatio shot. Denmark is finished. There is nothing to talk about. America has not had any experience of the loss of independence, foreign armies or occupation. In most American stagings of "Hamlet," the character of Fortinbras never amounted to much. In many productions, he was simply cut out from the play to reduce the budget.

The audience at the Brooklyn Academy of Music received the entry of Fortinbras's army with careful laughter. Not me. I belong to the nervous generation. But I hope they are right in seeing this Hamlet's ending as science fiction.

The writer is a Polish playwright and novelist. He contributed this comment to The New York Times.

LETTERS TO THE EDITOR

Munich 1938: Its 'Lesson' and What a Year Wrought

Regarding "Munich 1938: The Lesson About Military Strength Stands" (Oct. 21):

Norman Podhoretz neglects in his opinion column to observe that the failure to accommodate national aspirations was the cause of World War I. The "lesson" of Munich, 1938, is of no more use to us than the "lesson" of Sarajevo was to Neville Chamberlain. The public is right to question it and its corollary of "peace through strength."

Appetement likely owes more to the positive attitude of Western intellectuals and leaders toward Hitlerism than some ostensible pacifism. Hitler's ideas and values were widely shared and approved at the time. Why shouldn't he have been trusted? Because he was a racist? Nationalist? Anti-Semitic? Anti-Communist? Authoritarian? Munich happened because the elites refused to believe those who said Hitler would wage war, because he was so much like them, if perhaps a bit "extreme." A better lesson might be drawn from Munich — make sure that your elite loves democracy and equality enough to know who its enemies are.

As to Mr. Podhoretz's contention that the policy of peace through strength has prevented World War III, of what magnitude must the casualties be before he feels global conflict has broken out? Millions of victims have been generated, more bombs dropped and more money

Ducking a Trade Match

Regarding "French Stance on Autos Vexes EC" (Business/Finance, Sept. 9):

For years the French have been blocking — through every conceivable means, fair or unfair — the import of foreign cars, from Asia and until recently from the rest of Europe, too.

What place did the French automotive industry hold in the world 20 or 30 years ago, and what place does it hold today? People who would laugh at the idea of somebody wanting to become next year's world boxing champion and training only with amateurs at a backyard gym gladly advocate protectionism for full-fledged industries, which is no lesser folly.

M. ANDRÉ, Vincennes, France.

From Seoul to Nicosia

Congratulations for the marvelous job you did covering the Olympics. For people like us in Cyprus, an island where television reception is a problem, the IHT provided reliable and complete daily coverage, with stunning photographs.

CATHERINE GRANDJACQUES, Nicosia.

Decided, Thanks to Bush

In among the fabrications, half-truths and nonissues (The Pledge of Alle-

A Field Day for Journalists

The story of Ben Johnson, the Canadian sprinter who tested positive for steroid use, has allowed journalists throughout the world to write on such topics as honor, greed, pride, disappointment, ethics, Canadian nationalism, victory, sacrifice and shame (not to mention sport and drugs), and to sound very eloquent indeed.

Perhaps the journalistic community could award Mr. Johnson a medal in appreciation of the unique opportunity he presented it?

KEVIN MOORE, Antwerp.

For Wallenberg's Sake

A. M. Rosenthal's "Keep Pressing, Say Soviets Who Know" (Opinion, Oct. 1-2) was persuasive. It is time to ask the new Soviet leadership about Raoul Wallenberg. The world must care for this man.

E. PRISENDER, Basel, Switzerland.

SPECIAL U.S. ELECTION EDITION

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NYSE Most Actives table with columns for stock symbols, prices, and changes.

Market Sales table showing volume and value for various market segments.

NYSE Index table showing Composite, Industrial, and Financial indices.

Thursdays NYSE Closing logo with 'Via The Associated Press' text.

AMEX Diary table listing market activity for the American Exchange.

NASDAQ Index table showing Composite, Industrial, and Financial indices for NASDAQ.

AMEX Most Actives table listing top trading stocks on the American Exchange.

Dow Jones Bond Averages table showing yields for various bond categories.

NYSE Diary table listing market activity for the New York Stock Exchange.

Odd-Lot Trading in N.Y. table showing volume for odd-lot transactions.

Dow Jones Averages table showing the performance of the Dow Jones Industrial Average.

Standard & Poor's Index table showing the performance of the S&P 500 index.

NASDAQ Diary table listing market activity for NASDAQ.

AMEX Stock Index table showing the performance of the American Exchange stock index.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Dow Up, Despite Late Retreat

NEW YORK — Despite a sharp pullback in the final hour, prices on the New York Stock Exchange advanced Thursday in moderate trading as takeover stocks once again dominated market activity.

The market appeared to find support at the 2,140 area, and we could be seeing a mini pre-election rally," Mr. Goldman said.

PRO MONITORS FROM PHILIPS advertisement featuring an image of a monitor and the text 'The clear advantage PHILIPS'.

Large table of stock prices and changes, columns include stock symbols, prices, and changes.

Table with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

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(Continued on Page 12)

مركزنا الأصل

TRAVEL

- Over Andes by Bus
- Canals of Utrecht
- Unusual Restaurateur

International Herald Tribune

TRAVELER'S CHOICE

A Tribute for the Armistice

The Armistice Festival, an international artistic tribute to the generation who lost their lives in World War I, will include several weeks of theater, concerts, readings, lectures and displays in London and Oxford. The opening concert at the Royal Festival Hall is scheduled for Nov. 6. An Armistice Day concert Nov. 11 at the church of St. Martin in the Fields features the Deutsche Kammerphilharmonie from Frankfurt. The longest running element is the exhibition "The Fallen" at the Museum of Modern Art in Oxford (Nov. 6 to Jan. 15) which displays the work of artists who died during the war, among them the sculptors Raymond Duchamp-Villon and Henri Gaudier-Brzeska, and the Expressionist painters August Macke, Franz Marc and Vladimir Davidovich Burlyuk. London venues include the French Institute (Queensbury Place), which presents a program that centers on Alain-Fournier's novel "Le Grand Meaulnes," "The Lost Voices of World War I," by Tim Cross, an anthology of writers, poets and playwrights published in conjunction with the festival. Information: Armistice Festival, 12 Mercer Street, London WC2H 9QD. Tel: 379-50-45.

Section of the Prado Closed

The Prado in Madrid will temporarily close the Palacio de Villahermosa, one of the three buildings in its compound, on Dec. 18. The 18th-century Palacio will begin undergoing renovation to provide a site for the exhibition of much of the art collection of the Baron Hans Heinrich Thyssen-Bornemisza. The main building of the Prado and the Cason del Buen Retiro, where Picasso's "Guernica" is housed, will remain open. The Prado is looking at the Military Museum as a possible site to house the temporary exhibitions displayed at the Villahermosa palace. About 700 of the 1,600 works in the Thyssen-Bornemisza collection will be lent for at least 10 years to Spain's Ministry of Culture. The paintings, which are now in Lugano, Switzerland, include works of Old Masters and of 20th-century painters. The opening of the palace with the collection's works is not expected until early 1990.

Restoration of Bruges Buildings

Preserving Bruges' historic character is a civic tradition in the city, one that is currently documented by the exhibition "The Renaissance of Stone" at the 12th-century Hôpital Saint-Jean until Nov. 20. The show's focus is the program begun in 1877 that has resulted in the restoration of about 500 historic brick buildings in the city center. The exhibition displays maps, drawings, paintings, photographs, tools and building materials. Guided visits of restored buildings have been organized by the Service of Historic Monuments to complement the show.

Choice Country Hotels of France

Wendy Arnold, who has previously written books on the historic hotels of England and Scotland, has added "The Historic Country Hotels of France" (Thames and Hudson) to her collection. A frequent visitor to France for 40 years, she picked 30 hotels, which range from the Auberge du Vieux Puits, a 17th-century Norman inn described by Flaubert in "Madame Bovary," to the Hôtellerie de Moulin du Roc, a turreted chateau in the Dordogne whose kitchen is presided over by Solange Gardillon, one of the few women chefs in France awarded two stars by Michelin and three toques by Gault-Millau.

Key West Lighthouse Goes Dark

The Key West Lighthouse has turned off its light and will remain dark until early February, while the tower is repaired and restored. The structure has served as a museum for the past 16 years since being declared obsolete, and is the only one of the seven remaining lighthouses in the Florida Keys open to the public. The Key West lighthouse tower was built in 1823 but was destroyed in a hurricane in 1847. It was rebuilt and reopened on Feb. 4, 1848, and will reopen on the 1989 anniversary of that date. A bungalow-style keeper's quarters constructed in 1887 houses photos, drawings and historical information on lighthouses.

Alpine Peaks Where You Can Bet on Snow

by Joe Kirwin

If there is any one travel business seriously worried by all the talk of the greenhouse effect, ozone holes and rising world temperatures, it has to be the ski industry. Just last year, the thousands of skiers who made their pilgrimages to the Alps for early season snow or a quiet Christmas got a glimpse of what must be a ski operator's worst nightmare.

It didn't matter last winter if it was fluorocarbon buildup or just a freak winter warm-up that caused the problem; skiers faced a bleak scenario: mountains bare of snow. Call it the green slope syndrome.

In the last 10 years that early season syndrome has become increasingly common in Europe. Deep snow in December in the Alps has been as common as a smog-free day in Athens.

Despite that, the situation in late November, December and early January is not all lost. Thanks to the last vestiges of the ice age, glaciers and high altitude slopes, there are areas in the Alps where one can be assured of snow and decent skiing in the early season.

They start with the ski area with one of the highest cable cars in Europe: Zermatt and its neighbor, Verbier. Several areas in the French Alps, the highest in Europe, such as Tignes-Val d'Isère or Chamonix,

can also offer a snow guarantee. In Austria, St. Anton does not have the luxury of a glacier base but its altitude—much higher than Innsbruck or Kitzbühel—offers, at the very top, at least minimal risk.

Until 1972, Zermatt, the Matterhorn notwithstanding, would not have made this select group. But when the Klein Matterhorn cable car was finished, it provided a fast, convenient gateway to a glacier for year-round skiing. Previously, some of the slopes were accessible by a series of T-bars that were about as practical as a horse carriage in central Paris.

To give an example of just how reliable the skiing is at the top of Zermatt, as well as at its Italian neighbor, Cervinia, the Plateau Rosa glacier probably gets more use in the spring and summer than it does in winter. That's because at 3,820 meters (about 12,200 feet), it can sometimes feel like the North Pole, especially if the wind is blowing. But if the sun is out, it is usually bearable.

Should the weather cooperate and there is plenty of snow on all of the slopes, it is almost a 1,300-meter vertical drop to the village—either Zermatt or Cervinia on the Italian side (should you go to Italy you need a special ticket to get back that can be purchased at the bottom station of the Klein Matterhorn cable car). If the snow is adequate, the run into the village is one of the longest in Europe.



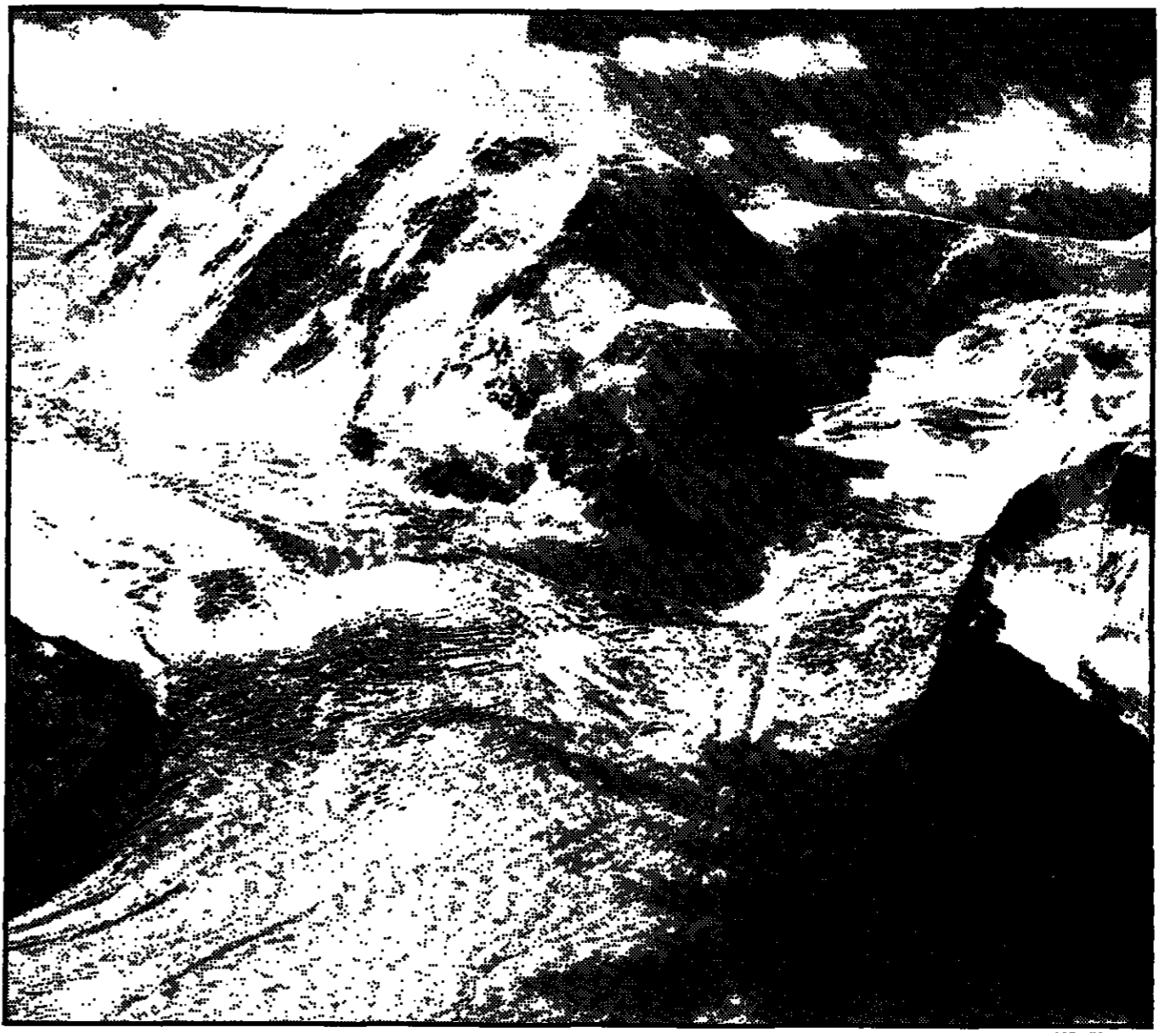
The village of Tignes.

FOR intermediate skiers, the terrain on these glaciers, like most glacier skiing, is manageable. Expert skiers will find it almost boring. For the most part, this area at Zermatt is usually the least crowded. That's because most visitors must walk—if you don't take a horse-drawn sled or cart—to the gondola station at the end of the town. That transportation system and a succeeding cable car deliver one to the Klein Matterhorn station.

There is also skiing in another part of the 260-kilometer (160-mile) trail complex of Zermatt at altitudes almost as high as the Plateau Rosa. They are reached by taking the Gornergrat train from the center of town and then two cable cars to Hohlalli and Stockhorn.

Though Zermatt has a reputation as one of the priciest ski areas in Europe, its atmosphere and scenery can blur the cost. The car-free village, with the incomparable Matterhorn hovering over it, is what Old World alpine charm is all about.

Another asset at Zermatt worth considering is the lack of lift lines. Because it has a variety of fast, modern mountain transportation systems and because it is a destina-



Zermatt, looking toward the Mount Rosa plateau.

tion resort and void of big weekend crowds, the lift lines common 10 years ago have been all but eliminated.

The same can't be said for Verbier as this resort, bordering on France and a short commute from Geneva or Lausanne, has the opposite problem. Lift lines in the past decade have been getting steadily worse.

But in December or in January, excluding Christmas, lift lines are not a problem. Because of two peaks, Mont-Fort and Mont-Gelé, Verbier has some glacier skiing and slopes at altitudes that will always have snow in the winter. However,

most of those high altitude slopes are expert runs.

Mont-Fort has two slopes. One is an out-and-back traverse run on a glacier. The first rule of safety of glacier skiing—don't stray from the marked trail to avoid crevasses—is a caveat to keep in mind. On the other side of Mont-Fort is a trail as steep as they come.

Even if one doesn't want to ski Mont-Fort, a trip to the top and return ride down on a clear day is a good chance to view the panorama of Mont Blanc and the Matterhorn. For those able skiers who start from the top, a 2,500-meter run to Le Châble is an option when the

snow is adequate at lower elevations.

Mont-Gelé can offer snow but it is like a remote castle—it has very limited access. There are no marked trails from the top as the whole peak is considered off-piste. The only way you can get to the top is via the Les Attelas peak, which you must ride two lifts to reach. But those two peaks are a small part of the more than 300 kilometers of trails at Verbier.

If the greenhouse effect does put ski areas in peril, the last resort for decent skiing in Europe will be Chamonix. When it comes to glacier skiing, there is none more spec-

tacular than the king of the French slopes, which offers the highest vertical drop in the Western world. The massive, fractured snowfield that seemingly tumbles off Mont Blanc is a sight to see, if not to ski, in summer or winter.

However, when one goes to Chamonix, one sacrifices much of the charm of European skiing. It is a crowded city detached from most of the slopes, and lift lines can be long.

Although there are six separate areas at Chamonix (one ticket gets you onto all of them), there are two

Continued on page 11

Angkor Wat Under Scaffolding

by James Pringle

SIEM REAP, Cambodia—There is an uncharacteristic bustle most days around the ancient and, until recently, somnolent ruins of Angkor, Cambodia's fabled jungle city. Dust-covered workers clamber about bamboo scaffolding and

laborers heave great lumps of sandstone, each bearing a number to show its place in the great temple.

The 200-yard-long stone causeway that leads to the west, or main, gate into Angkor Wat, the main temple, is strewn with building implements, and at the gate itself a red and white painted sign announces in Khmer and English: "Work in progress—no entry."

Khaki-clad soldiers of the People's Republic of Kampuchea, the Vietnamese-backed regime that controls most of Cambodia's population centers but not its mountains and jungles, lean silently in the stifling heat against stone nags, the seven-headed serpents, cradling their AK-47 rifles. Little naked boys dive, shouting gleefully, from the causeway into the weed-strewn moat as they must have done when Cambodia's god-kings were in residence here a millennium ago.

Even a voluble amateur tour guide from an earlier age who has somehow survived the horrors Cambodia has endured since 1970, offers his services in rusty English—a language skill he hid during the years of the killing fields. Business is still slack, he admits.

One notices the difference while still far from the west gate. Gone is the somber blackened hue of Angkor, remembered from countless photographs and from a visit in 1980; the sandstone has a scrubbed look and is now a light biscuit color that seems to reflect the glare of the sun, and somehow reduces the mystery and menace of the ancient stones.

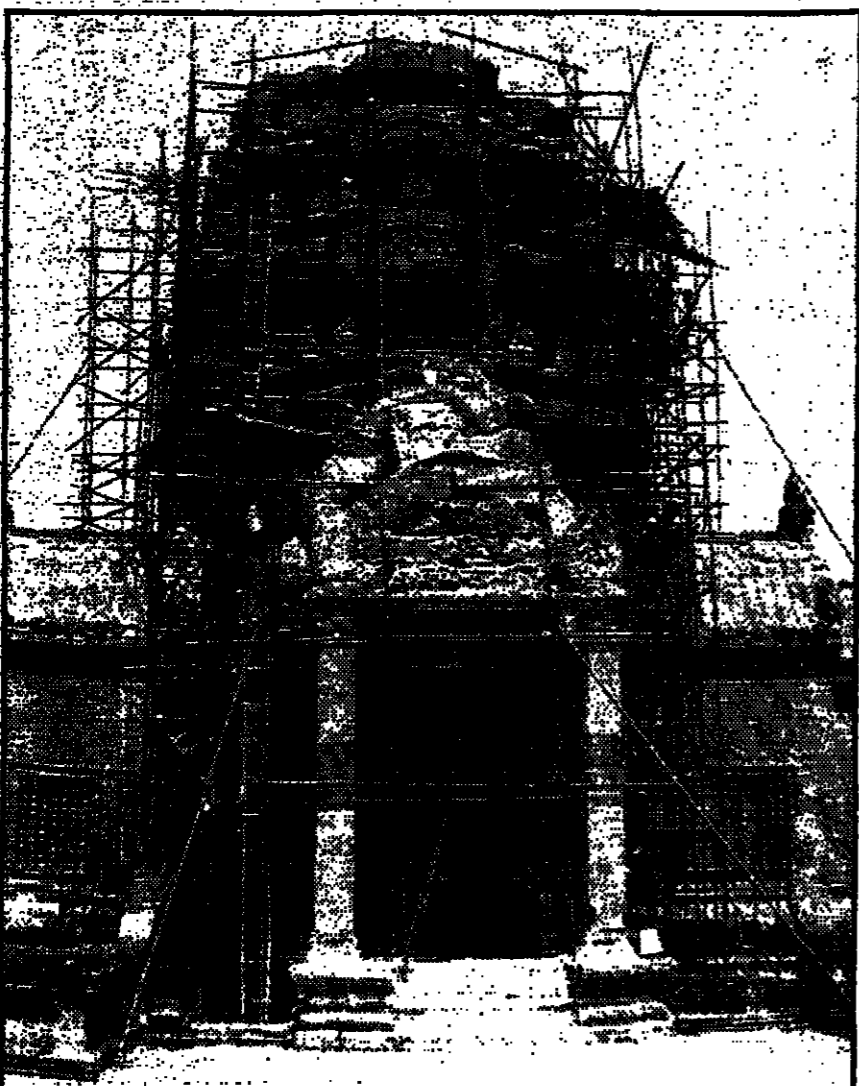
Not everyone in Cambodia has welcomed the efforts to restore the splendid city, which once had a population of half a million, to the pristine glory it knew under King Suryavarman II, who built Angkor Wat as a funerary temple in the early 12th century.

It can cost \$5,000 to visit the site these days, the price of chartering an aircraft from Phnom Penh for the 150-mile journey over Tonle Sap lake—plus a \$60 fee levied on foreigners by the Siem Reap provincial authorities. Coming on a small tourist package from Ho Chi Minh City, formerly Saigon, is much cheaper.

The roads to Angkor are considered too insecure for foreigners, though when I was last here, less than two years after the December, 1978, Vietnamese invasion that overthrew the Pol Pot regime, I was able to come by land around Tonle Sap.

This time, I was invited to Angkor by an old Cambodian acquaintance in the Ministry of Culture. Officials and archaeologists were making an inspection trip to see the extensive but somewhat controversial work being done by a team of 14 Indian specialists, under an agreement signed in 1986, and there were a couple of free seats on the plane.

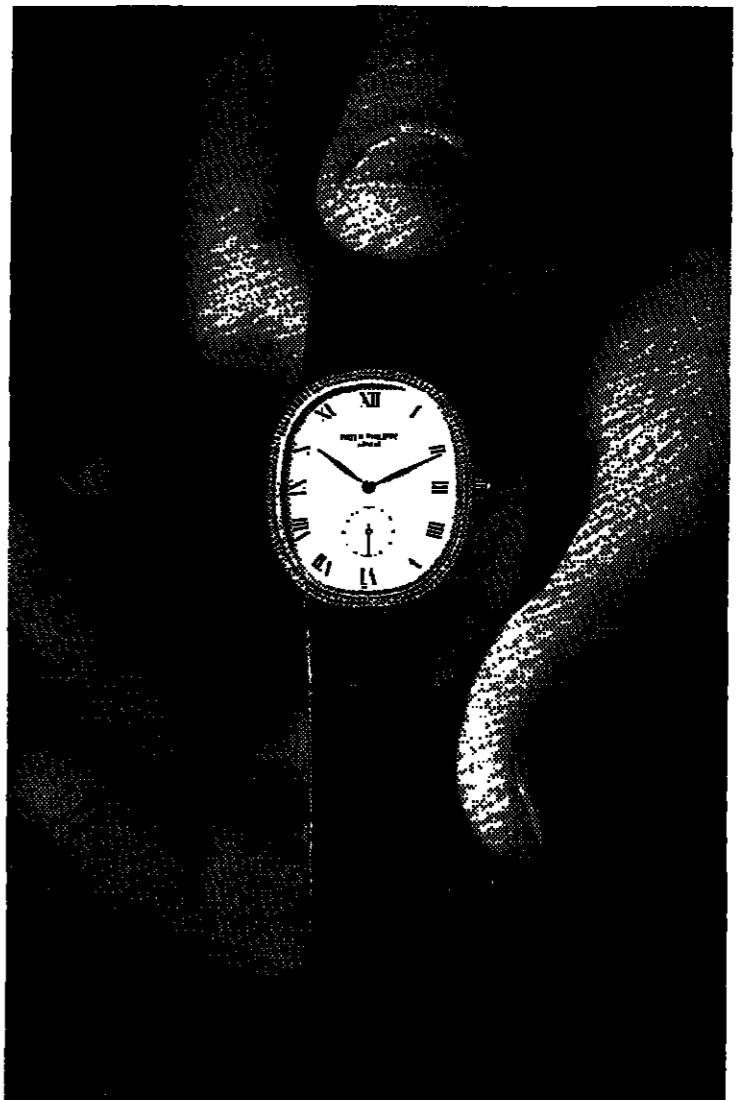
There was a hint of the possible threat of the Khmer Rouge in the manner in which the aircraft approached Siem Reap, the provincial capital near Angkor. The plane, a propeller-



Scaffolding envelops restoration at Angkor.

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Continued on page 10

TRAVEL

THE FREQUENT TRAVELER

Tired of Chain-Hotel Rooms? Look for the Hidden Gems

by Roger Collis

SMALL is not always beautiful, but when it comes to choosing a business hotel a lot of people are seeking out small, independent luxury hotels in preference to those of large chains. In some cities, the Hilton, Sheraton, Inter-Continental or Marriott may be the best in town; some large hotels, such as the Oriental in Bangkok, the Mandarin in Hong Kong and the Regent in Sydney have set superlative standards. But all too often the large hotel, to paraphrase Le Corbusier, is a machine for staying in, lacking that elusive amalgam of comfort, friendliness and efficiency that I call hospitality. People want to be treated as a name rather than a room number.

Typically, small luxury hotels are privately owned, independently run and expensive. Dukes, for example, a 58-room hotel tucked away in a tiny gashlit courtyard off Piccadilly in London, charges almost as much as the Ritz.

Says Richard Davis, who runs Dukes, "We rely enormously on repeat business, about 80 percent of our guests. A small hotel doesn't have a lot to spend on marketing so you have to rely on guests doing it for you. The secret is to have quality department heads — reception, housekeeping, bar — who are big fish in a small pond; for example, the chef at our restaurant was formerly chef at the Savoy. We have more than two staff per room, which enables us to concentrate on service, making people feel comfortable and calling them by name. All obvious things really."

How small is beautiful? "The hotel should be large enough to have a lot of staff yet small enough to give personal service. Identify problems and put them right," Davis says. "Very small hotels can't generate enough revenue. I think 30 to 100 rooms is about right."

Christopher Cole, managing director of Lucknam Park, a beautifully restored Georgian manor house with 39 rooms near Bath in southwest England, disagrees. "I'd say 45 to 50 rooms is getting too impersonal. You lose that intimate, friendly touch."

Dukes and Lucknam Park are members of Prestige Hotels, a consortium of 43 properties — all but 11 in the British Isles — which have clubbed together for joint promotion and reservations. Many are small country house hotels, such as the Lygon Arms in the Cotswolds and the Castle Hotel in Taunton.

Similar consortia are worth looking for. In France there is Relais et Châteaux with 350 members and the small Châteaux-Accueil group of country hotels (40 members); in the United States, Small Luxury Hotels (16 members) and Select Hotels & Resorts in Australia, and Steigenberger in West Germany. In England there is Pride of Britain and Historic Houses. Hotels are often members of one or more consortia.

SOME hotel groups specialize in the smaller, intimate style of property. In the United Kingdom, Thistle (33 hotels) and Norfolk Capital (15 hotels) take pains to avoid the chain image. "We're not a chain but a group of hotels," says Brian Yeaman, Thistle's director of marketing. "Every manager has certain freedom to give his hotel an individual flavor."

The advice of aficionados is to first find a small, luxury hotel and do further research in the bar. Here are some suggestions, in addition to those mentioned:

LONDON — The Stafford. An elegant, comfortable oasis in St. James's Place, behind Green Park and

a few minutes from Piccadilly. It has 62 rooms, seven suites and good restaurant.

The Fenja. A boutique hotel — a former Edwardian town house in Cadogan Gardens with 13 rooms and three suites. Quiet and comfortable, a few minutes walk from Harrods. No restaurant, but serves fine breakfasts.

Cannizzaro House. A recently restored Georgian house on Wimbledon Common with 56 rooms. Peaceful setting. Two phones in each bedroom and lots of work space. A good restaurant.

Abbey Court. A restored Victorian house in Kensington with 22 rooms (all different; some with four-poster beds) run by a former Ritz manager. No restaurant.

BIRMINGHAM — New Hall. A moated Elizabethan manor house on Sutton Coldfield, not far from the center of Birmingham, with 68 luxury rooms and restaurant. Excellent for small meetings.

STOCKHOLM — Clas Pa Horner. A traditional Swedish inn (built in 1731) in the city center. Superb period furniture. Family run with a renowned restaurant and 10 rooms.

VIENNA — Hotel im Palais Schwarzenberg. Not far from the State Opera in 15 acres of gardens. A glorious baroque building — 34 rooms and four suites furnished with antiques. Has a fine terrace restaurant.

PARIS — Lancaster. More like a country house than a hotel, a couple of minutes from the Champs-Elysees. Quiet, comfortable and elegant. It has 56 rooms and 10 suites — no two are alike — furnished with 18th-century furniture. Restaurant overlooks a garden courtyard and seats only 30 people.

Residence Lord Byron. A comfortable private hotel just off the Champs-Elysees with 16 rooms and 10 suites. No restaurant.

Relais Christine. A restored 16th-century mansion in a quiet street near the Pont Neuf. It has 51 spacious, well appointed rooms, an oak-paneled lobby and a charming courtyard.

TOKYO — The Seijo. Perhaps the smallest luxury hotel in Japan. It has 80 rooms. Guests are each assigned a full-time secretary-factotum.

NEW YORK — The Lowell. An Art Deco refuge on the Upper East Side between Park and Madison Avenues. It has 60 rooms furnished with French and Oriental prints and log burning fires.

SAN FRANCISCO — The Sherman House. A private hotel with 15 rooms and suites furnished in French Second Empire style, with wood-burning fireplaces and whirlpool tubs in black marble bathrooms. A block away from Nob Hill and Union Street, it has marvelous views of the Golden Gate Bridge and San Francisco Bay. A fine restaurant.

SAN ANTONIO — The Fairmount. A quiet, intimate hotel with 20 rooms and 17 suites each different in design and appointments. It is three blocks from the Alamo and has a first-class restaurant.

LOS ANGELES — Bel-Air. A private, secluded hotel set in gardens a mile west of Beverly Hills and 10 miles from downtown. It has 99 rooms, including 33 suites. A fine restaurant for al fresco dining on a bougainvillea-draped terrace.

RIO DE JANEIRO — Ouro Verde. On Copacabana Beach, intimate, Swiss managed, with 61 spacious rooms. Restaurant is one of the best in town. ■

by Edwin McDowell

THE flight from La Paz to São Paulo takes little more than three hours, and anyone in a hurry to get from the largest city in Bolivia to the largest in Brazil has no choice but to fly. Bolivian buses and trains are not the last word in comfort or convenience, yet crossing the Andes by land is vastly more rewarding than gazing down at the mountains from a plane.

The inevitable mechanical breakdowns, the vagaries of climate, the occasional hunger pangs and assorted other vexations pale alongside the opportunity to cross the longest continuous mountain range in the world at ground level — if that term can properly be applied to roads more than two miles high. The Andes crossing is the undisputed highlight of this unusual journey, but there are others: Among them are Cochabamba, a pleasant agricultural city tucked away in a valley, and Santa Cruz de la Sierra, a burgeoning city in the tropics.

Still another highlight is the opportunity to cross the flatlands of eastern Bolivia and western Brazil, the setting of Julian Duquid's memorable 1931 travel book "Green Hell" and a region that will even recently was the domain of the outlaw, the outcast and the hardy pioneer. At Corumbá, on the Brazilian border, travelers are at the gateway to the Pantanal, the 80,000-square-mile ecological sanctuary that is one of the world's great wildlife preserves. Or they can travel another 300 miles, by bus or train, to Campo Grande, the capital of the state of Mato Grosso do Sul.

It had been almost a decade since I was last in the Andes, but I wanted to share this crossing with my 10-year-old son. Besides, can one ever tire of the constantly changing beauty of that majestic mountain chain, which has few passes lower than 12,000 feet?

GOING southeast from La Paz means crossing the Cordillera Real, one of two major Andean ranges through landlocked Bolivia. While the Cordillera Occidental all but cut off La Paz and the other cities of the Altiplano from the Pacific Ocean, for centuries the towering wall of the Cordillera Real effectively prevented the integration of those cities with the eastern two-thirds of the country.

Then in the early 1920s, pioneering aviators began flying across the Andes, their daring not only surmounting the major physical barrier



Passengers boarding the bus for Cochabamba.

in South America but also helping to crumble the psychological barriers. When we learned that the next daytime train for Cochabamba left La Paz in four days, off we went to the cheerless bus terminal. Buses for most distant Bolivian cities depart mainly at night, but several make the 11-hour trip to Cochabamba during the day.

Shortly before 8:30 the next morning our backpacks were stowed amid boxes and crates atop the Cisne Imperial bus, and soon afterward the red, white and blue Volvo roared away, trailing a thick mixture of dust and exhaust fumes. Our crew consisted of a driver with three days' stubble and two equally unkempt assistants. As it turned out, their most notable contribution was to insure that the music from the intercom never fell below a deafening roar.

While the Bolivian passengers who crowded the narrow seats and jammed the aisle maintained a stolid silence throughout the trip, the Bolivian women expressed themselves in another way — by their colorful clothing. Their ponchos and rebocos are as bright and varied as the lines in Joseph's biblical coat, and many also wear the bowler hat that is said to have been brought to Bolivia from Britain in the 19th century.

Although La Paz is almost 12,000 feet (3,650 meters) high, it lies at the bottom of a narrow basin. Vehicles must climb in order to cross the Cordillera Real, but for several hours the ascent is barely noticeable. After emerging from

one particularly long curve, we found ourselves halfway up a high mountain staring at wave after wave of soaring peaks, some of them turbaned with snow. Now what the bus ascends it must strain like The Little Train That Could and when it descends it is all the driver can do to prevent its barreling downhill like the Wabash Cannon Ball.

For the next four or five hours the journey was everything travelers with sturdy hearts could ask for. Magnificent vistas greet each bend in the road.

On a mostly unpaved road that had been a path for llamas and mules, and even now is wide enough in some places for only one-and-a-half vehicles, our driver deftly maneuvered the biggest steering wheel I have seen other than on a boat.

For some years I had dutifully clipped from various newspapers wire service reports of bus crashes in the Andes, most of them as spectacular as they were gruesome, for a blowout, brake failure or driver miscalculation at that altitude usually resulted in the unfortunate vehicle plunging into a gorge or sailing off the edge of a cliff. So I was not surprised, after we rounded a sharp bend, to see a truck sprawled on its back about 50 yards down the mountainside, its cargo scattered in all directions. Miraculously, the slope was gradual and the driver seemed to have escaped serious injury. Several Good Samaritans had clambered down to offer assistance.

Our driver just gunned his motor without looking back. A half-hour later an elderly Indian woman appeared at the side of the road near a sharp curve, her hand out in supplication. We didn't slow down for her either, but minutes later the bus ground to a halt amid sounds more ominous than those from the loudspeaker.

THE pilot and flight crew, as I began to think of this high-altitude trio, conferred for 10 minutes and spent another 10 minutes tinkering with the engine, which enabled us to limp into an eating place that consisted of four or five shacks with dirt floors. Thirty minutes later the horn sounded and we were on our way again, this time along a well-maintained portion of the road.

Half way across the Cordillera Real, we were headed for the tropics though there was a chill in the air and flocks of llamas grazing by the side of the road. I don't know who was more pleased to see the llamas, my son or I. Although I saw them for the first time 20 years ago, I was struck anew by how superbly equipped they are for high altitude existence — equipped, as are their equally surefooted alpaca, vicuña and guanaco cousins, to carry loads and provide food and wool while subsisting on sparse vegetation.

Before long the mountains were sprinkled with greenery, and even the dust that permeated our bus was tinged red from the earth. We descended gradually, twice the bus

inched to a halt, and twice our trusty crew used the Andean equivalent of baling wire to get us moving again.

Before we developed mechanical problems, our driver had speared past another bus on a particularly steep hill, then overtook a truck heavily laden with wooden boxes. Both vehicles hugged the edge of the cliff as we passed, but we were also at risk. I still shudder to think what would have happened had a vehicle or even a llama been coming in the opposite direction on that narrow mountain road just as our driver gave it the gas.

A half-hour from Cochabamba the incessant pounding of the music finally forced me to surrender; I took an aspirin and, to the dismay of my son, stuffed my ears with tissue paper, vowing that never again would I travel in South America without bringing along a set of earplugs.

When we finally limped into the city, the last rays of daylight had slipped behind the mountains, yet it was at least 15 degrees warmer at the city's 8,500-foot elevation than it had been higher up.

After a few days exploring Cochabamba, it was on to Santa Cruz and the Brazilian border. Other memorable experiences awaited us — because memorable experiences await all travelers who seek them out. Yet even though this was only the first day of our journey, it was unlikely that the trip would provide thrills to compare with crossing the Andes. © 1988 The New York Times

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SINGAPORE CHANGI AIRPORT

Angkor Continued from page 9

driven Russian version of the Fokker Friendship, lowered its wheels and descended while still far out over the shallow, muddy, fish-rich lake, nowadays devoid of fishing boats except along the more secure southeastern edge.

We flew the last several miles just a few hundred feet above the sugar palms and rice paddies in a largely depopulated landscape.

It was the kind of cautious approach American pilots once used when flying into potentially hot landing zones in Vietnam. The Khmer Rouge have no ground-to-air missiles, as far as is known, so perhaps the Russian pilots, who sometimes fly in the small groups of Western tourists, have orders to take no chances.

Certainly, Siem Reap airport has the abandoned, unlit-in feel still true of much of Cambodia outside Phnom Penh. The carcass of an old Caravelle jetliner near the apron was a reminder of past conflict. One sympathized with the American tourist who had taken one look round the austere terminal building and wailed: "But they told me I could buy video film here."

The handful of tourists who come in season seem undeterred by the Khmer Rouge warnings, if they

have heard of them, that they face "great danger." Despite reports of Vietnamese troop withdrawals, the busy market in Siem Reap is still thronged with off-duty Vietnamese soldiers. Angkor, after all, is a nationalist symbol for both Communist regimes that claim to govern Cambodia.

Angkor was built during the magnificent 650-year era of Khmer civilization, based on a form of Hinduism imported from southern India. Cambodian civilization reached its height in the 12th century. Angkor consists of 38 square miles of sandstone temples, shrines, houses, causeways, reservoirs and terraces (a security nightmare), with thousands of carvings of gods and demons representing stories from the Hindu classics.

Prominent among the carvings are the sensual, bare-breasted dancing girls called apsaras, gigantic serpents and kings mounted on elephants. Cruel, bizarre tortures are also depicted, and some Cambodians claim the Khmer Rouge used similar punishments on their opponents during their years in power, 1975-78.

In the 15th century, Angkor was abandoned after invasion by the neighboring Thais, and was lost in

dense jungle for 400 years until rediscovered in 1861 by French naturalist Henri Mouhot, a butterfly hunter. At the time, local Cambodians who had forgotten their history told Mouhot that Angkor had "built itself."

A French custodian worked here until forced out by the war in 1973. Since then, the jungles had been moving in again; water seepage, bats, insects, moss, lichen, tree-roots and creepers joined in the war of attrition against the ruins.

Now, with the assistance of 400 Cambodian laborers and a couple of Polish experts, Indian specialists are spearheading the rescue effort. Because of the Khmer civilization's Indian roots, they feel well equipped for the task. "There are the same cultural influences, the same stone, even the weather here is the same as south India," M.N. Kanade, an Indian civil engineer, said.

Cambodian experts from the department of antiquities said the war itself had done little damage, though a shell that hit the ruins in 1972 killed some refugees sheltering in an ancient gallery, besides damaging bas-reliefs. "Overall 90 percent of the damage has been caused by vegetation and the elements," said Chea Funlok, a Cambodian expert.

Government officials blame the Khmer Rouge for the disappearance of all but 15 of the superb statues of Vishnu and other Hindu deities from the "gallery of 100 statues." But Pol Pot seemingly had no ideological complaint against the temples, which he saw as the work of the laboring peoples. The towers of Angkor Wat figure on the flags of both Democratic Kampuchea, of which the Khmer Rouge is the main component, and of the People's Republic.

Most likely the statues were smuggled across the Thai border in the confusion that followed the Vietnamese invasion, and were parlayed by foreign collectors.

Older customers were making a reappearance here. Incense was being burned in front of images of Buddha, a later addition to the Hindu shrines after the Khmer god-kings converted to Buddhism at the end of the 13th century, and of Vishnu.

Butterflies flitted here and there in the ruins — it was the pursuit of such exotic tropical specimens that brought Mouhot, a lepidopterist, to the ruins in the first place. But, as elsewhere in Cambodia, there was no bird-song; birds have virtually disappeared.

The Indians will soon complete

the first stage of their \$5 million, six-year project, the restoration of the west gate. Work is under way (though now halted until the end of the wet season) on the library building, wreathed in scaffolding. "By the time we are finished," Kanade enthused, "Angkor will look as it did in the 12th century."

Not all Cambodians are so enthused about this rebuilding — even rearing, plus the liberal use of cement to bolster the foundations and the application of chemical cleaners to restore the original light brown hue. "Something of the quality and mystery of the ruins may be lost," one Cambodian specialist said in Phnom Penh.

Cheng Phon, the minister of culture, agreed there were "many points of view" about the renovation work being undertaken by India, the only non-Communist nation represented diplomatically in Phnom Penh. "But remember," he said, "the deep holes, which are how Angkor has been known in recent times, is moss. If it is not cleaned off, the stone will be eaten away and ruined."

As our group walked in the silent inner reaches of Angkor Wat, using umbrellas as parasols to shelter ourselves from the oppressiveness of the sun, there was no suggestion of the closeness of war. But security remains an issue, and is likely to increase in importance if the Vietnamese troop withdrawal goes ahead as promised.

Sometimes, the nearby Bayon, with its 200 stone faces, each with a mysterious half-smile, cannot be visited, and Khmer Rouge forces can certainly move through the outer ruins in the huge complex — the temples are favorite sites for their propaganda pictures. Aircraft only stay on the ground at Siem Reap for a few hours, and apparently never overnight.

Prince Norodom Sihanouk's old residence was being spruced-up near Angkor, and Cambodian staff at the renovated Grand Hotel — "imagining that correspondents are me if I thought it meant the prince would soon return from exile."

With reconciliation talks between Sihanouk and Hun Sen, the PPK prime minister, about to resume in Phnom Penh, the return of the prince to Cambodia (and surely to the Angkor he loves and where he once lavishly entertained state guests with performances of the Royal Ballet with Angkor as backdrop) remains a possibility.

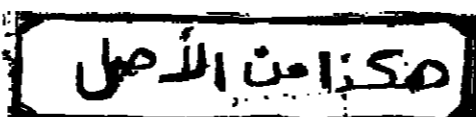
James Pringle, a former Newsweek correspondent, has covered Asia for many years.

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TRAVEL

José Lampreia Puts The Sun on the Table

PARIS — Last spring, when the Michelin guide handed out its latest string of stars, José Lampreia, chef and owner of the Maison Blanche, was not really happy. Michelin had given him a star, making him a card-carrying member of the French culinary establishment.

PATRICIA WELLS

have to be crazy to totally ignore a nod from the Michelin. But Lampreia, who probably gets more media attention than any chef in Paris save Joël Robuchon, rather liked the role of successful nontraditionalist.

Lampreia and his six-year-old Maison Blanche have become something of a phenomenon. While numerous restaurants that succeed with Michelin have empty tables at lunch and dinner, Lampreia has lines at the door at 10:30 at night. Here two services, an exception in France, are the norm. And he is not giving the food away. The current average bill, including wine and service, hovers around 500 francs.

Maison Blanche doesn't look like the others, either. Polished wooden floors, Oriental

role here, adding character to a food that is at once boldly flavored, incredibly uncomplicated, and refreshingly imaginative. In nearly every dish, one considers the sun, whether it's Morocco, Portugal, the south of France or Italy. Even his wine list looks to the south, with an extensive offering of well-priced wines from the Rhône Valley, Provence and France's southwest, as well as a complete selection of eaux-de-vie from Etienne Brana's Basque country estate.

Although all the outward signs at Maison Blanche are modern, the feel is cozy, warm and welcoming. Giant glass jars of preserved fruit sit atop the bar (a collection of recipes from Lampreia's grandmother in Albufeira), and the menu includes many classic bistro favorites, including a traditional boeuf mode and a rich, golden riz au lait. Yet in his hands, honey, old-fashioned dishes become somehow up-to-date. He turns soothing mashed potatoes into a majestic dish, flavoring the purée with virgin olive oil from Portugal and black olives from the south of France. Riz au lait becomes a rich, voluptuous cross between mom's rice pudding and sinful crème brûlée.

And while his food has a sense of fantasy, it is never frivolous. It is pretty, but never precious. Throughout, Lampreia has a knack for logically combining peasant fare with luxury-line ingredients: He poaches lobster and marries it with sliced potatoes; he sautés foie gras and sets it atop a galette of celery root; his now famous mashed potatoes serve as a platform for perfectly cooked turbot. Even leeks — the vegetable the French like to call the poor man's asparagus — become regal fare as he sprinkles them with black truffles from Provence, wraps them around a plump, poached oyster and sets the package in a pool of beef broth; cuts them into thin shreds, fries them ever so quickly, and uses them like a little bundle of straw to garnish a perfect Breton scallop sautéed with a blend of balsamic vinegar and porc. He also brushes salmon with honey and Moroccan spices, sprinkles it with a friture of leeks, and sets all atop a perfect galette of well-seasoned couscous.

Lampreia uses a minimum of butter, just a touch of oil, and no heavy sauces in his cooking, and although his food is light and easily digestible, one does not feel the least bit deprived. While neither his food nor his restaurant fit a definable mold, one quickly understands that nothing is left to chance. The crusty sourdough bread served at Maison Blanche is among the best in Paris, baked in the turn-of-the-century wood-fired oven at the nearby Moulin de la Viègne bakery. Lampreia loves fish, and loves to cook it, and each morning at 2 A.M. his fish is selected by a trusted merchant at the Rungis wholesale food market outside Paris. Twice each week, he goes to Rungis himself to pick the herbs, vegetables, meats and spices used at Maison Blanche. The effort has paid off. And reservations are in order.

Maison Blanche, 82 Boulevard Lefebvre, Paris 15; tel. 48.28.38.83. Closed Sunday lunch, Sunday and Monday. Credit card: Visa. 235-franc menu at lunch only. A la carte, 500 francs.

Cooking at Maison Blanche, filled with scents and aromas of the Mediterranean, reflects José Lampreia's love for this part of the world.

giant sprays of flowers remind you of California sunshine, not the neighboring Fort de Versailles.

So is all the fuss worth it or is this just restaurant hype? No hype, really. Lampreia, born in Portugal but raised in France, has figured out what the public wants today and he gives it on a silver platter. It is worth it for those who want food that is free-spirited, original, not like the others yet still oddly familiar.

Lampreia — like his counterparts at Pile of Face, Olympe, La Cagouille and L'Assiette in Paris — has shown the food world that there is room for new styles, new flavors, new concepts. There is room for more than traditional and classic cooking, and you don't have to have gone to hotel school or spent 10 years peering carrots to figure out how to make a restaurant work. This doesn't mean his way is better, just that it's different.

The slim, dark-eyed chef opened Maison Blanche with no formal culinary training, just a love for manual work and for cooking, a love that blossomed into a full-fledged passion. His cuisine, filled with scents and aromas of the Mediterranean, reflects his own love for this blessed area of the world. Sweet figs, Moroccan spices, garlic, ginger, fresh coriander, preserved lemons, and sweet Italian balsamic vinegar play a supporting

Rediscovering Utrecht's Canals and Cellars

by Theodore James Jr.

UTRECHT, Netherlands — Should you mention Amsterdam or The Hague to an Utrechter, he will say with just an iota of condescension. "They are new cities." Utrecht is indeed the oldest city in the Netherlands, dating to around A.D. 48, when the Romans built a fort on what is today the epicenter of the city, Dom Square.

Traditionally, Utrecht has been known as the City of Churches. There are 17 medieval churches, all restored, within the city limits, and much of the country's religious history was forged here. Since 1636, the year its university was founded, the city has been an intellectual and cultural center.

The Christian Franks built a church on the site of the Roman fort in about 650, but it was soon destroyed by the Frisians. Then, in 692, the Franks, under Pepin II, offered financial and military support to the English missionary Willibrord, who established residence as a bishop in what was then called Trecht. He converted most of what is today the Netherlands to Christianity.

During the Middle Ages, Utrecht prospered; commerce thrived and the city became the most populous and important in the region. It was during this era that the canals were dug and cellars and quays built.

Those cellars play a significant role today. During the last few decades the city has developed at an accelerating pace, to the point that today it has close to 250,000 inhabitants. With the growth have come positive changes. Utrecht has always had an overlooked treasure: the six or so miles of canals in the inner city, primarily the Oudegracht, or Old Canal. They were lined with unoccupied cellars at canal level and first stories just below street level. After centuries of apathy, these quarters were turned into stylish boutiques, restaurants, cafés — an extravagant circus of pleasure and amusement. A flurry of architectural restoration and the installation of innovative new museums ensued. Undiscovered Utrecht is now indeed ready to interest visitors.

THE best way to see the city is on foot. You may want to avail yourself of the walking tours that originate at the VVV, as Dutch tourist information offices are called, at 90 Vredenburg near the heart of the old town and within a short stroll of the Oudegracht. A 90-minute tour costs about \$3.50 (calculating the Dutch guilder at 50 cents). Brochures and city maps are also available at the office for visitors who want to tour on their own.

The facades of the buildings are lavishly decorated with architectural detail, antique signboards and ancient sculptured trade symbols. At Wittewouwenstraat and Flomptorengracht, there is a richly carved, painted, bakery shop sign that hangs from an ornate wrought-iron bracket. The sign reads Utrechtse Speculaars, announcing a type of cookie that has been made in the city since medieval times. At the corner of Lange Nieuwstraat and Catharijnesteg the doorplate of a small meat hall features a hand-carved, wooden bull with a wreath of acanthus leaves around his neck.

And as you crisscross the Oudegracht or walk along the promenade that flanks it on either side, note that each corbel beneath the lampposts that line the old brick walls is decorated with sculptures in bas-relief. There are hundreds of them. For example, at No. 80 there is a ship in bas-relief, at 122, a man playing a harp, at 159, a bust of Medusa, and at 343, St. Martin, the patron saint of the city. A project that is unique in the Netherlands, the embellishment of the canal walls throughout the city, began over 50 years ago and continues today, with commissions bestowed periodically to sculptors to render yet another corbel.

A good place to start a tour is at Dom Square, the historic center, for it includes the cathedral, cloister and the Dom bell tower. The interior of the cathedral, built from 1254 to 1517, has been undergoing restoration since 1979. The adjoining cloister dates from the 14th century and the 367-foot high bell tower is the tallest structure in the Netherlands. The cloister contains a fountain and is decorated with a series of bas-reliefs illustrating scenes from the life of St. Martin. Visitors can also see St. Martin on a weather vane at the top of the tower, seated on his horse, cutting off part of his coat to give to a beggar suffering from the cold.

The tower, built between 1321 and 1382, contains two chapels: St. Michael's, the bishop's private chapel, and the Edmondkapel, where a permanent exhibition of the history of the tower is installed. The 31-ton bells in the tower, with names like Salvador, Magdalena, Martinus and Adrianus, ring out across the city at regular intervals, as they have for centuries. You can climb the 465 steps to the top, passing through mazes of alleyways and up and down staircases, all designed to confuse hostile pursuers, but only with an accompanying guide. From here you can see as far as Rotterdam, 35 miles (56 kilometers) to the southwest. The tower is open on weekends the year round, from noon to 5 P.M. From April 1 to Oct. 25, it is also open Monday to Friday from 10 A.M. to 5 P.M.

A short walk away is perhaps the most captivating of all Dutch museums, the National Museum van Speelklok tot Fierement (From Musical Clock to Street Organ). The museum has the reputation of being the country's happiest, and it is filled with every conceivable kind of mechanical music-making machine: barrel organs, music boxes,



Restaurants and shops line the Vecht River Canal in the old town.

flute clocks, singing canaries, singing snuff boxes, street organs, pianolas, orchestrinas, early jukeboxes and player pianos. After a number of years in temporary quarters, the collection was permanently installed in 1981 in the restored and recycled Buurkerk, Utrecht's oldest parish church and the largest Gothic church in the city. Most of the building dates from the 15th century.

Among the treasures in the collection is a 1926 Steinway Duo-Art grand piano. We heard a piano roll of Paderewski playing his Minuet in G. Since the piano rolls used in the Steinways here played not only notes but also duplicated the original dynamics, one hears the music as the Polish composer played it. A glass-domed speedoos (musical box) features tumbling waterfalls, ships bobbing on rolling oceans and hummingbirds jumping from branch to branch in time with the music.

But the grandest and perhaps most intriguing of the mechanical instruments is the 101-key Mortier Dance Hall Organ, invented and manufactured in Antwerp, Belgium, during this century. The resounding rhythms from this organ, with its clashing cymbals, booming bass drum, xylophone, castanets, triangle and even cowbells, reverberated through the former cathedral at sound levels in a league with the noisiest of contemporary discos. Dance hall organs reached their peak of popularity in the 1920s and 1930s and during one visit the music ranged from fox-trot, two-step and tango to an intensely vigorous Charleston.

The Rijksmuseum het Catharijne Convent is the museum of the history of Christianity

in the Netherlands. Housed in the restored 15th-century convent of the Utrecht Knights of St. John, it was formally opened by Queen Juliana at a ceremony in 1978, and contains the nation's largest collection of medieval art. Its quality lies in the thematic, rather than chronological, organization of the art.

Walking through the museum, the visitor learns about the introduction of Christianity to Holland, the Protestant Reformation, the Counter-Reformation and subsequent religious landmarks in the nation's history. Among the exhibits is the large white Imperial alb, embroidered with gold brocade, that was presented to the Church of St. John in Utrecht by Frederick Barbarossa in the 12th century. Rembrandt's "Baptism of the Eunuch" is also here. The exhibit of deviant art is perhaps the most playful, with examples of Catholics poking fun at Protestants and vice versa.

OTHER museums in the city include the Historical Costume Museum, which contains costumes, accessories and fabrics from the early 18th century to the present, and the Dutch Railway Museum, displaying many historic locomotives and carriages.

But it is the hidden streets and alleyways of the old town, adjacent to the Vismarkt, the fish market, across from St. Martin's Bridge in the middle of the city, along with the promenades, cafés, boutiques and restaurants along the canals that are the special charm of Utrecht. Street life here is bustling as young women with baby carriages, ubiq-

uous bicyclists, pet owners with an array of dogs on leashes, ultra-smart women and punk rockers sporting the latest electric hair-dogs promenade. Flower stalls are filled with buckets of cut anemones, tulips, gerbera, freesia; fruit stands offer strawberries, cherries, apples and pears, book dealers display their volumes, and on Saturday afternoons, folk singers and dancers perform in traditional Dutch style.

Along the Oudegracht, at street level, are all manner of boutiques and shops, offering kitchen ware, antiques and the latest in fashion.

A good place to meet local people is in the traditional Dutch pubs called bruine cafés, or brown cafés, some centuries old. They are chabby, atmospheric, wood-paneled places, often with dartboards and billiard tables. They are open from late morning until around midnight.

Two typical brown cafés are the Graaf Floris on the Vismarkt and the Tappertj de Luifel at 35-36 Neude. Visitors should sample some of the snacks offered at the bar: bitterballen, fried meat balls served with hot mustard; saté, beef on a skewer with peanut sauce, and the cheese, the cumin-flavored Leidse and Freize with clove, both far more interesting to the palate than the bland Gouda and Edam. These are good places to reflect on both the traditional and the contemporary Utrecht.

Theodore James Jr. is the author of "Landscape: A Five-Year Plan," to be published this month by Macmillan. He wrote this for The New York Times.

An Indian Designer Goes High Fashion With Saris

by Barbara Crossette

NEW DELHI — To the outsider's eye, an Indian sari is six yards of exquisitely woven cotton or silk. To the Indian woman, it is a proud national symbol that has never been seriously challenged or undermined by Western dress.

To Satya Paul, however, the sari is a palette on which the patterns of nature, the geometrics of graphics or the design details of a rich artistic history can be splashed on before the cloth is draped around the female body, creating a work of kinetic art.

S. Paul, as he is known on his signature label, is making India's first designer saris. Other people may dabble in the art, he says, but only he presents choreographed "collections" in the style of Paris fashion houses.

He and his 20-year-old son, Puneet, are also turning the sari into bold new shapes for the most avant-garde of Indian women and for export to the West and Japan. Some of his silks take on a Grecian drape; some swing over loosely gathered trousers.

The classic sari — tucked and folded and draped without fasteners — is still at the heart of Satya Paul's commercial operation. The business, Paul Salon, is run from a high-tech loft showroom in New Delhi that, Paul admits, was influenced by his six-year sojourn in the United States and Europe.

The sari is one of the most beautiful and one of the most ancient of dresses, he said as he and his son unfolded one striking length of cloth after another. "This is also the only dress that takes the shape of the woman who wears it." The sari, he said, has "feminine poise and grace in it" and adds something to a style of life that no other dress does. "Even when a poor lady wears it she looks richer," he said.

Paul, who began designing his own clothes and those of his friends while still a schoolboy in New Delhi 30 years ago, never had training in India. He began his career exporting Indian fabrics made by hand loom.

His success allowed him to take an extended world tour in 1980. When he returned two years ago, he was brimming with new impressions and weighted down with prints of art. He had images of redwood forests and Japanese seascapes. "I am influenced by all the elements of life around me," he said.

Six collections of extraordinary saris followed, including one based on works in the Museum of Modern Art in New York. In other collections, he has made trans-Asian connections rarely seen in any medium in New Delhi. There are saris of finest South Indian silk punctuated at the shoulder by Japanese calligraphy. There are lengths of cloth bordered in stylized Cyrillic script or the ancient patterns of Bhutan. As a joke, there is a sari peppered with blowups of the vises in his passport.

Paul and his son fight a two-step war to keep the work they sell traditional while marketable. They traverse India cajoling weavers to do the untraditional: make a horizontal pattern diagonal, for example. Then they tackle the buyers of the Western world, where stores do not always understand why it may take four months to weave one piece of cloth.

Paul's saris are expensive by Indian standards, \$100 and up. In some cases, the work involves the production of costly brass-inlay wood blocks for printing, or the spinning of thousands of skeins of silk. "Sometimes it's very cumbersome," Puneet Paul said. "That's why this part of India is dying."

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Looking for Snow Continued from page 9

where high altitudes and glaciers make them legendary among ski aficionados: Le Brévent and Aiguille des Grands Montets. Of the two, the best early season snow can be found at the Grands Montets. With a northern exposure and La Croix de Lognon, the new chairlift at this area has helped eliminate the long lift lines that were common. The cable car at the top is a gateway to a glacier that is reachable only after walking down about 200 iron steps. The trail is marked, and, without a guide, you should never leave it. The run goes through a narrow gap in the ice and rock and then opens up to a high-bowl that offers skiers, intermediate and above, a challenge.

The Point de Vue, always with good snow, parallels the Glacier d'Argentière, which is skiable only if you have a guide. From the top, you can also ski to the Mer de Glace glacier, down to the valley and to Chamouix. On the other side of the valley is Le Brévent, the oldest skiing area in Chamouix. Its upper trails are good candidates for early snow but they are also extremely steep. The two resorts of Tignes and Val d'Isère teamed up to provide a single lift ticket several years ago and are now connected by a bus service. They are considered remote by some people but that can also make them attractive. The elevation of each village tells the early season story as Val d'Isère is 1,850 meters while Tignes is 2,100 meters. Both are as high as any major resort village in the Alps and that is why the World Cup skiing circuit begins its season every year at Val d'Isère-Tignes. It is fairly safe to assume there will be good early season skiing throughout the two areas, which offer 116 lifts and more than 300 kilometers of trails. The two regions at Val d'Isère-Tignes with a guarantee are Le Fornet and La Grande Motte.

The cynosure of the Le Fornet area is the Fissailas Glacier or Le Pays Désert as it is known. At 3,400 meters, the area can be reached easily from Val d'Isère, where two cable cars whisk you to the base of the Le Fornet area. For intermediates and

experts, there are excellent off-piste trails. La Grande Motte, also about 3,400 meters high, has a wider variety of terrain. It is one of the few glaciers that offers skiers of all abilities a lot of choices.

At St. Anton, in the Arlberg region of western Austria, the ski area is considerably lower. Connected to Lech, St. Christoph, Stubai and Zillertal by lift ticket and bus service, St. Anton's highest peak is 2,811 meters. And at that altitude it is open only to experts. But if there is going to be early season snow at any major resort in Austria you will find it at St. Anton. For the beginner and intermediate skier, there is plenty of good skiing by riding the Galzig train out of the village of St. Anton and then taking the Vallengrat train, which goes to an altitude of 2,400 meters. You can also reach this area from St. Christoph by riding the Christoph cable car and the Schindlergrat chair.

Joe Kirwin is an American journalist who lives in Stockholm.



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Thursday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High/Low, Div. Yld. PE, High/Low, and other market indicators.

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U.S. Futures

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Stock of Sears Surges

CHICAGO — Shares of Sears, Roebuck & Co. jumped in active trading on Thursday as Wall Street decided the big retailer might be taken over despite a proposed restructuring aimed at discouraging corporate raiders.

NYSE High-Lows

Table with columns: NEW HIGHS, NEW LOWS, and other market indicators.

AMEX High-Lows

Table with columns: NEW HIGHS, NEW LOWS, and other market indicators.

Paris Commodities

Table with columns: SUGAR, COFFEE, and other commodity prices.

London Commodities

Table with columns: SUGAR, COFFEE, and other commodity prices.

Dividends

Table with columns: Company, Dividend, and other financial data.

S&P 100 Index Options

Table with columns: Strike, Call, Put, and other option prices.

Spot Commodities

Table with columns: Commodity, Price, and other market indicators.

U.K. Insurer Explains French Stock Purchase

PARIS — Eagle Star, the British insurance group that is a subsidiary of BAT Industries PLC, said Thursday that it bought 7 percent of a French holding company for financial reasons and not to embark on a raid on the privatized bank Société Générale.

DM Futures Options

Table with columns: Strike, Call, Put, and other option prices.

U.S. Treasuries

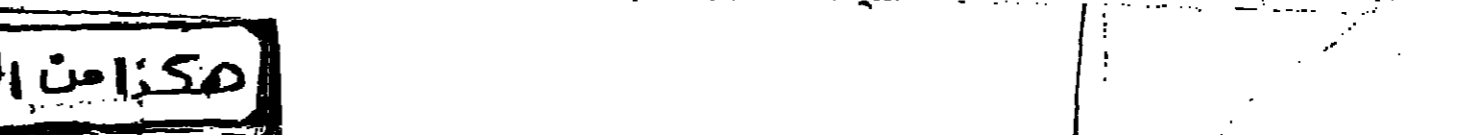
Table with columns: Maturity, Bid, Offer, and other bond prices.

IF YOU GET A KICK OUT OF SOCCER, READ ROB HUGHES WEDNESDAYS IN THE IHT

Source: CME

Source: CME

Source: CME



FRIDAY, NOVEMBER 4, 1988

Seoul Will Aid Daewoo

Shipbuilding Unit Says It Could Face Bankruptcy

SEOUL — Economic planners in South Korea are working on a financial aid package for the heavily indebted shipbuilding unit of giant Daewoo Group, Trade Ministry officials said Thursday.

Daewoo Shipbuilding & Heavy Machinery Ltd. is sinking under debt of more than 1 trillion won (\$1.4 billion), the officials said. Kim Woo Choon, head of the Daewoo Group, has said the shipbuilding unit could face bankruptcy and asked the government to intervene.

Daewoo Shipbuilding has had numerous difficulties this year. The company, which employs 14,000 people and owns South Korea's second largest shipyard, was the scene of labor unrest earlier this year and has suffered from a slump in the shipping industry.

Economic ministers discussed the Daewoo problem recently and agreed that the giant company must not be left to go bankrupt, said Choi Kyong Sok, director of the shipbuilding division in the Trade Ministry.

Daewoo Group has 28 member companies and is one of South Korea's largest conglomerates. It reported combined profit of 35.2 billion won in 1987, including a net loss of 69.4 billion won by its shipbuilding unit.

A company spokesman said many Daewoo companies had guaranteed the shipbuilding subsidiary's debts and its bankruptcy could endanger others in the group.

The company spokesman said Daewoo was asking for state assistance now because its problems stemmed from a government order in 1978 to take over a huge, indebted shipyard.

"At the time of the takeover, the government promised Daewoo that the Korea Development Bank would hold a 49 percent stake in the shipyard, but the KDB now has far less than that share," the spokesman said. The development bank is state-run.

Ministry officials said the government had decided to help the shipbuilding company because its bankruptcy would mean the loss of jobs and would have political and economic repercussions throughout the country.

California Vintners Faced With More Imports

By Lawrence M. Fisher
New York Times Service

CUPERTINO, California — Erratic spring weather and two years of drought have dramatically reduced this year's crop of northern California's premium grapes, putting the state's vintners in an economic bind and at risk of losing market share to imports.

With grape prices tripling in the past year and a half, the vintners can either raise wine prices and risk competition from cheaper imports from Europe and South America, or hold prices down and lose profit margins.

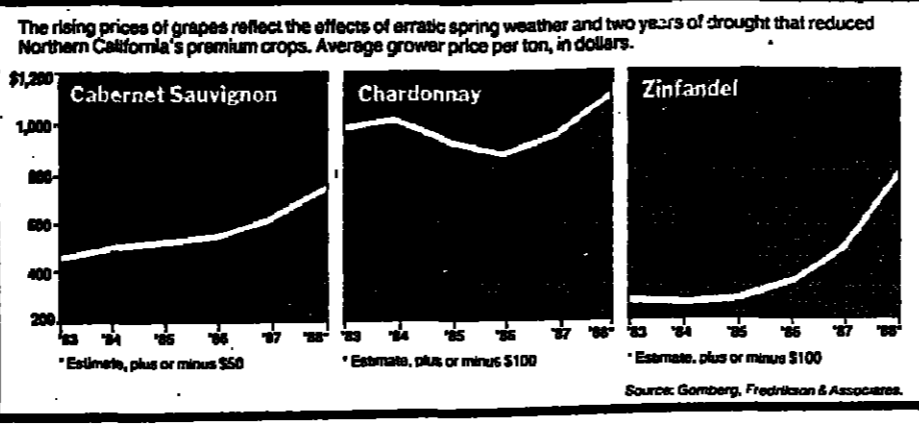
"There are already inroads being made" by low-priced wines from overseas, said Jon Fredrikson, a partner in Gomborg, Fredrikson & Associates, a San Francisco-based wine industry consulting firm, "and once these guys get on the floor it will be very hard to displace them."

Michael P. Benziger, a partner in the Glen Ellen Winery in Sonoma, which will ship 2.6 million cases this year, said he was concerned that high grape prices and inexpensive imports could eliminate the popular premium niche for domestics. "Those guys are waiting to eat our lunch," he said.

The grape shortage hit hardest at the most dynamic part of the wine industry: producers of popularly priced premium wines, the \$4 to \$5 chardonnays and cabernets sometimes called the "fighting varieties."

Makers of higher-priced wines will feel the pinch as well, but that market is considerably less price-sensitive.

Impact of Weather on Prices of Grapes



The rising prices of grapes reflect the effects of erratic spring weather and two years of drought that reduced Northern California's premium crops. Average grower price per ton, in dollars.

Paul Draper, master winemaker at Ridge Vineyard, held two clusters of grapes: one a plump bundle of perfect, ripe cabernet sauvignon; the other a sickly looking stem dotted with unfurled and partly formed berries among the firm purple grapes.

"There," he said, lifting the second bunch, "that's what happened to the California grape crop this year."

The impact of the weather varied from place to place, and among different grape varieties, but by all accounts the area most severely affected was the north coast, which contains the regions associated with California's finest wine grapes: Napa, Sonoma and Mendocino.

In contrast, the shortage of Napa and Sonoma grapes made 1988 a boom year for central coast growers.

In Monterey County, which produces grapes that are considered good, but generally less desirable than those from the north coast, most growers had an excellent harvest because there was no erratic weather during their grapes' bloom time. The July heat

Nabisco Managers Bid \$20.7 Billion, Top KKR

Compiled by Our Staff From Dispatches

ATLANTA — The management of RJR Nabisco Inc. announced Thursday that it would offer nearly \$21 billion in cash and securities for the food and tobacco giant, topping the earlier record bid by Kohlberg Kravis Roberts & Co.

F. Ross Johnson, president and chief executive officer of RJR Nabisco, said the management group led by him, together with Shearson Lehman Hutton Holdings Inc. and Salomon Inc., had offered \$92 per share — \$84 in cash and \$8 in stock.

Kohlberg Kravis, the Wall Street buyout specialist, has offered \$90 a share for 87 percent of RJR Nabisco's stock and securities of the same value for the remainder. Its bid values the company at \$20.3 billion.

RJR Nabisco's shares rose 25 cents to close at \$87 on the New York Stock Exchange.

"This is a full and fair price for stockholders," Mr. Johnson said. "Our offer will be good for the company, its employees and the communities we serve because our management group would bring the continuity and know-how needed to insure the continued long-term success of the business."

The management group put RJR Nabisco into play when it announced two weeks ago that it was considering a \$75-a-share, or \$17 billion, offer to take the company private.

Kohlberg Kravis, the leading leveraged buyout firm in the United States, quickly followed with its \$90 package.

The buyout group has received commitments for the required equity and subordinated bridge loans, Mr. Johnson said in a prepared statement.

Speculation that RJR Nabisco's management would unveil a bid Thursday had pushed up Nabisco stock \$1.125 a share before Mr. Johnson's announcement.

Another leveraged buyout firm, Forstman Little & Co., reportedly has been considering entering the battle for RJR Nabisco, which represents the biggest takeover offer ever.

RJR Nabisco's board issued a statement Wednesday inviting other interested parties to bid for the 19th largest industrial concern in the United States, maker of such brands as Winston cigarettes and Oreo cookies.

Charles Hugel, who is chairman of the committee of outside directors appointed to review takeover proposals, said the panel believed "this will serve the best interest of all shareholders."

In a leveraged buyout, most of the purchase price is borrowed money that is repaid with the acquired company's cash flow or asset sales.

The leaders of Kohlberg Kravis reportedly have fought the RJR Nabisco battle because they are intent on retaining the firm's preeminence in leveraged buyouts.

The pursuit of RJR Nabisco has come amid a series of giant deals and a flurry of interest in the food sector. Kraft Inc. has just agreed to a \$13.5 billion sweetened cash offer from Philip Morris Cos., another tobacco giant, while Pillsbury Co. continues to battle a \$5.23 billion bid from Grand Metropolitan PLC of Britain.



Nabisco's Ross Johnson

Japan Trade Surplus Appears Set to Rise

By Patrick L. Smith
International Herald Tribune

TOKYO — Japan's politically sensitive trade surplus is expected to begin rising again in coming months, reversing a decline evident earlier this year and renewing concern that the nation faces another round of damaging trade friction.

Citing new pricing strategies, production shifts and other adjustments among Japanese manufacturers, economists and government officials say that Japan's powerful exporters appear to be poised for another assault on overseas markets in coming months, after making modest gains in exports over the past year.

At the same time, imports are likely to decline significantly from recent levels, chiefly because personal and industrial demand is dropping from the unusually high levels reached earlier this year. The impact of this decline is likely to be exacerbated by recent falls in the price of petroleum, which accounts for almost 10 percent of imports.

These changes in the Japanese trade picture have quickly dissipated fears that the dollar's appreciation over the summer would be an impediment in the process of adjusting global trade imbalances.

Given the momentum Japanese exports have gathered in recent months — they reached record levels in both August and September — the brief period of dollar strength is now viewed as being of minor importance.

"Japanese exporters were put to the test, and they've obviously passed it," said a trade analyst in Japan. "They've found new niches in overseas markets and they're going to be very competitive in them all over again."

Thus hopes for a significant reduction in Japan's global trade surplus have more or less disappeared since the Finance Ministry published the current-account balance for September last week.

While many economists anticipated a rise in the price of petroleum, which accounts for almost 10 percent of imports.

Macmillan Agrees to \$2.5 Billion Maxwell Bid

The Associated Press

NEW YORK — After months of strongly resisting, Macmillan Inc. on Thursday threw its support behind the British publisher Robert Maxwell's \$2.5 billion takeover offer for the publishing and information services giant.

The move paved the way for Mr. Maxwell's successful completion of his \$90.25-a-share tender offer for all of Macmillan's shares and furthered his goal of becoming a major power in publishing in the United States.

"It takes one day after the Delaware Supreme Court effectively blocked Macmillan from proceeding with an agreement to sell the company to an investment group that included the buyout firm Kohlberg Kravis Roberts & Co.

and Macmillan's senior management. Mr. Maxwell's tender offer was to expire at midnight Thursday, and he said he would purchase the stock Friday if he received at least half of the company's shares.

Macmillan said in a mid-afternoon announcement that its board had determined that the Maxwell offer was "in the best interest of all shareholders" and recommended that they accept it.

The Macmillan board also took steps to dismantle its poison-pill defense against the Maxwell offer. The company became a takeover

target in mid-May when a group led by the wealthy Texas. Robert M. Bass, proposed a \$4-a-share buyout. The company's shares were trading at about \$50 a share at the time.

Mr. Maxwell joined the fray in mid-July and had been embroiled since mid-September in a bidding war with Kohlberg Kravis.

After the Macmillan announcement on Thursday, Kohlberg Kravis said it was dropping its tender offer of \$90.05 a share in cash and securities.

Mr. Maxwell's top financial adviser, Robert S. Pirie of Rothschild

Inc., said he was confident that the publisher would get enough shares to secure control of the company.

He said at midday that the Bass group had advised him it planned to tender its 2.5 million shares to Maxwell. That block is almost 10 percent of Macmillan's 27.8 million shares outstanding.

The Bass group was believed to have acquired its stake for about \$60 a share, giving it a \$75 million profit on the investment before expenses.

The takeover fight included a se-

Currency Rates

| Currency | Rate |
|-----------------|---------|
| American dollar | 1.0000 |
| British pound | 1.6250 |
| French franc | 6.5596 |
| German mark | 1.9364 |
| Italian lira | 2036.27 |
| Japanese yen | 163.89 |
| Swiss franc | 1.7363 |
| Spanish peseta | 166.64 |
| U.S. dollar | 1.0000 |

Other Dollar Values

| Currency | Rate |
|--------------------|---------|
| Australian dollar | 1.5248 |
| Canadian dollar | 1.3226 |
| Denmark krone | 8.4660 |
| European unit | 1.9364 |
| Hong Kong dollar | 7.8000 |
| Indian rupee | 47.5480 |
| Israeli sheqel | 3.4834 |
| Japanese yen | 163.89 |
| South African rand | 1.8200 |
| Swedish krona | 8.4660 |
| Swiss franc | 1.7363 |
| Taiwan dollar | 37.0000 |
| Thai baht | 50.0000 |
| U.S. dollar | 1.0000 |
| West German mark | 1.9364 |

Interest Rates

| Rate | Value |
|-----------------------|-------|
| 3-month Treasury bill | 7.75% |
| 6-month Treasury bill | 8.00% |
| 1-year Treasury bill | 8.25% |
| 3-month Treasury note | 8.50% |
| 6-month Treasury note | 8.75% |
| 1-year Treasury note | 9.00% |
| 3-month Treasury bond | 9.25% |
| 6-month Treasury bond | 9.50% |
| 1-year Treasury bond | 9.75% |

Key Money Rates

| Rate | Value |
|-----------------------|-------|
| 3-month Treasury bill | 7.75% |
| 6-month Treasury bill | 8.00% |
| 1-year Treasury bill | 8.25% |
| 3-month Treasury note | 8.50% |
| 6-month Treasury note | 8.75% |
| 1-year Treasury note | 9.00% |
| 3-month Treasury bond | 9.25% |
| 6-month Treasury bond | 9.50% |
| 1-year Treasury bond | 9.75% |

Asian Dollar Deposits

| Rate | Value |
|---------|-------|
| 1-month | 8.50% |
| 3-month | 8.75% |
| 6-month | 9.00% |
| 1-year | 9.25% |

U.S. Money Market Funds

| Fund | Assets |
|------------------------------|--------|
| Merrill Lynch Ready Assets | \$1.71 |
| 30-day average yield | 6.71 |
| Telerate Interest Rate Index | 8.171 |

Gold

| Rate | Value |
|------------------|-------------|
| 1-ounce gold | \$350.00 |
| 100-ounce gold | \$35,000.00 |
| 1-ounce silver | \$10.00 |
| 100-ounce silver | \$1,000.00 |

Insurer Aims French Purchase

—Eagle Star, the British group that is a subsidiary of Eagle Star PLC, said that it bought 7 percent of the company for reasons said not to be related to the privatization of the company.

Mr. Peberau, the chairman of the company, said: "We did not Marceau Investissements because we knew Société Générale." Addressing a news conference, he said: "It was a operation."

Star paid 120 million francs (\$19.7 million) for 7 percent of Marceau, run by Jean-Pierre Marceau, 32 percent of a Marceau P. Marceau and SOFIP, 9.16 percent of Société Générale.

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Chief Executive at UBS Sees Problems Ahead for Banks in Switzerland

ZURICH—The Union Bank of Switzerland expects results this year to match those in 1986, the chief executive Robert Studer said Thursday.

The bank had net profit of 716 million Swiss francs (\$517.7 million) in 1986, although profits fell 3 percent last year to 753 million francs.

But Mr. Studer said prospects for 1989 and beyond were not as favorable. The uncertain outlook for world economic growth and Switzerland's stamp tax on securities transactions pose potentially serious problems for banks in the country, he said.

This year, he said, higher volume and the firmer dollar were pushing net interest income above year-earlier levels despite continuing pressure on margins.

Bank income from foreign exchange, banknote and precious metals trading is running significantly higher, but UBS's securities business is suffering from the global downturn in trading activity following the plunge in equities in October 1987, Mr. Studer said.

"Added income from the lively new issue business could not completely make up for loss of income, especially in securities commissions," he said.

Looking ahead to 1989, the banker said: "With the increasing globalization, fewer and fewer customers will be willing to transfer securities business in Switzerland that they could arrange abroad with less or even no tax liability."

The tax also precludes creation of a Swiss money market that professional money managers desire. Liberalization of EC capital flows in 1990 will weaken Swiss National Bank's position that all bond and note issues denominated in Swiss francs be lead managed by Swiss-domiciled banks.

Traditionally conservative West German firms may be ready to follow their lead, said Hans-Joachim Pitz, equities analyst for the Bank in Lichtenstein.

"This would mean get a foot in the door," Mr. Pitz said, "and then if you want a full listing in the U.S. they will have gained valuable experience in dealing with the SEC."

Peter Schielein, spokesman for VW, said the company would not seek a full listing until the SEC regulations for foreign companies are changed.

"We are keeping a close eye on the requirements and if we see an easing of policy, then it's a good possibility we could apply," he said.

VW's decision to create a sponsored ADR facility is part of the company's larger scheme to increase its visibility internationally, Mr. Schielein said. The company has made presentations in Paris, London and New York, plus a series of low-key investor seminars in other large U.S. cities, he said. A Tokyo listing is also planned, he added.

Of the 200 companies worldwide that have adopted this instrument since its introduction in 1983, 155 are British.

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Brazil Pact to Boost Banks' Profits

Interest Payments, Buyout Fees Clear Way for Charges

NEW YORK—Resumption of interest payments by Brazil on \$67 billion of bank loans plus lucrative fees from leveraged buyout deals will provide banks with the cushion necessary to begin restructuring in the fourth quarter, analysts say.

Brazil and Citibank announced on Wednesday that an \$82 billion debt restructuring package had been completed, which will allow the nation to start drawing funds by the middle of the month. The package should enable Brazil to bring interest payments to commercial banks up to date and in turn boost U.S. commercial banks' earnings.

The loan agreement, reached in June and signed in September, will give Brazil \$5.2 billion in new loans. It also reschedules old loans and covers various short-term trade loans.

The agreement will enable Brazil to bring back interest payments up to date for the first time since February 1987, when it declared a moratorium on interest payments to banks. From that time the banks had put their Brazilian loans on a nonaccrual status, meaning they would not count interest as income until it actually came in.

Brazil is the developing world's largest debtor, with \$120.3 billion of external debt.

This quarter, banks will be more aggressive in writing off problem loans, including those to developing countries, to Texas and to the real estate sector, analysts said. They said banks would also close branches and fire people.

"We might see some unusual expenses or aggressive posting of loan losses in the fourth quarter," said Cheryl Swain, an analyst with Oppenheimer & Co., "especially since Brazil and leveraged buyout income will mitigate" adverse effects.

"Banks will take 1989 expenses in 1988," she added. "We are looking to the fourth quarter for house cleaning."

Lawrence Cohn, an analyst with Drexel Burnham Lambert, said, "The fourth quarter is going to be a terrific quarter, partly because of Brazil and partly because there are billions of leveraged buyout deals in the marketplace. If banks have problems, this is the time to clean them out."

"All the big banks have room to do more restructuring, every single one," he added.

"BankAmerica Corp. is talking about taking a big restructuring charge in the fourth quarter," Mr. Cohn said.

Norman Jaffe, an analyst with For-Pitt Kelton Inc., said the fourth quarter may also see some margin shrinkage as banks fight to attract investors to their certificates of deposits. CDs bought by investors seeking safe investments after last year's market collapse are now coming due, he noted.

"Investment banking fees ought to be stronger, especially for the major LBO players: Manufacturers Hanover Corp., Bankers Trust New York Corp. and Citicorp," said Stephen Berman, an analyst with County NatWest USA.

Mr. Cohn said that before taxes, booking Brazilian interest this quarter will boost bank earnings per share by \$6 for Manufacturers Hanover and Chase Manhattan Corp., \$3.50 for Chemical Bank, \$2 for Citicorp and BankAmerica, \$1.50 for Bankers Trust, and \$1.25 for J.P. Morgan & Co. and First Chicago Corp.

Volkswagen's ADRs Could Serve as West German Model

FRANKFURT—Volkswagen AG's creation of a sponsored American depositary receipt facility, in an effort to broaden its appeal to overseas investors, may serve as a model for other West German companies, analysts say.

Volkswagen ADRs, each representing one-fifth of a VW bearer share with a par value of 50 Deutsche marks (\$28), began trading on the U.S. over-the-counter market last week. That will make it more convenient and less expensive for Americans to invest in VW, analysts say.

VW is the first West German company to launch a sponsored ADR.

An analyst for Citibank in London said another German company had completed the necessary steps for a sponsored ADR program, but was waiting to announce it with year-end results. He declined to identify the company.

Analysts said likely prospects included BASF AG, Bayer AG, Hoechst AG, Siemens AG and Daimler-Benz AG.

"A lot of companies are realizing the globalization of equities markets and the globalization of their own products fit in with having their shares available on markets around the world," the Citibank analyst said.

Stringent U.S. Securities and Exchange Commission requirements, which demand much more detailed company disclosure than West German regulations, have kept German firms from seeking official listings.

But in establishing a sponsored ADR facility, companies are generally granted an SEC exemption and they file only the information required under West German law, said Andrew Buddenbrock, vice president of J.P. Morgan & Co. I.P. Morgan & Co. is the depositary for Volkswagen's ADRs, which had previously been trading on an unregistered basis.

Most West German multinationals already have sponsored ADRs, but with one exception bank acting as a sponsor firm can better control how many instruments are issued, Mr. von Buddenbrock said. Unsponsored ADRs have lost popularity in the United States because they often carry dividend restrictions and brokerage fees are generally higher, he added.

The possibility of obtaining an SEC exemption has already made sponsored ADRs popular among British companies, a London analyst

AEG to Buy Stake in Siliconix Inc.

SANTA CLARA, California—AEG AG, a member of the Daimler-Benz group of West Germany, said Thursday that it would purchase a substantial stake in Siliconix Inc. and would work with Siliconix on the Power MOS and Smartpower semiconductor products under long-term agreements.

The transaction, valued at about \$48.8 million at market prices, will give AEG a stake of 39 percent in Siliconix, which is planning to issue additional one million new shares of common stock. The purchase price was not given.

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BUSINESS ROUNDUP

Rothwells Applies for Receivership

PERTH, Australia — Rothwells Ltd., formerly a high-flying investment bank, announced Thursday that it had applied to the Supreme Court to go into receivership with about \$412 million in liabilities. The news put an end to months of speculation about the merchant bank's liquidity and two days of talks to find a financial backer for the company. The investment bank said the filing was prompted by its failure to resolve a credit crisis. The negotiations continued nonstop, but the company was still short of the necessary credit facilities, the managing director, Tony Floyd, said in a statement. "At that time, there was no alternative but to apply to the court." The move follows an injection of more than 700 million dollars in financial help and guarantees from the Western Australian State Gov-

ernment and its agencies, Bond Corp. Holdings and a panel of companies arranged by its chairman, Alan Bond, and the former Rothwells chief executive, Laurie Connell, who resigned Monday. The state government has been criticized for supporting Rothwells since last year's world stock collapse, both directly and through major deals with agencies such as the State Government Insurance Commission. The federal attorney-general, Lionel Bowen, and Prime Minister Bob Hawke have resisted requests with approval of inquiry into the decline of Rothwells since last year. Despite the woes of Rothwells, National Australia Ltd. said a 150 million dollar credit line it extended to the investment bank had been repaid. The bank chairman, Nobby Clark, said in a statement, "The bank is satisfied that there is no reason to make any write-off or

provision in its accounts in respect of this facility." When appointed, the receiver will take charge of the affairs of the company until all debts are paid. Rothwells, based in Perth, first encountered financial difficulties just after the collapse of global equities in October 1987, which sparked a run by depositors. The concern relinquished its license to deal in securities last November. Rothwells has an estimated 1,000 small depositors but it was not immediately clear how badly they will be hurt. Western Australia's financial sector treated the news with caution, hoping there would not be an overreaction. As an investment bank, Rothwells is not subject to regulation or supervision by the Australian central bank, the Reserve Bank of Australia. The bank also has no obligation to help Rothwells' depositors. (Reuters, AP, AFP)

Italy Joins Battle Over Nissan Sales

ROME — Italy would like to be included in a ruling by the European Commission on whether France should exclude British-made Nissan cars from its strict import quotas on Japanese cars, a Foreign Trade Ministry spokesman said Thursday. Italy has a ceiling of 3,300 cars imports a year from Japan, but allows a further import quota of European-made Japanese cars, set this year at 10,500. France insists that Bluebird cars made in England by Nissan Motor Co. of Japan should be included in a quota limiting Japanese car imports to 3 percent of the French market, arguing that less than 80 percent of the cars' content is European and that the cars are therefore Japanese imports. The British government has complained to the European Commission. It says that the cars should qualify as European-made as they have 70 percent European content. The Italian foreign trade minister, Renato Ruggiero, has now written to the commission asking that any ruling on the French-Italian dispute be extended to cover Italy. The British-made Nissans are not included in either Italian quota. However, the Italian government would include them in the quota for European-made Japanese cars if the European Commission ruled in favor of France in its dispute with Britain, the ministry spokesman said. The ministry spokesman said Italy believed that the definition of a car as Japanese or European should depend not only on percentage content but also on the quality of the European workmanship involved. Italian imports of Japanese cars were running at 13,775 units in the first nine months of this year, virtually up to the ceiling for the whole year and representing just 0.8 percent of the domestic market. No Nissan Bluebirds have so far been imported into Italy. France and Italy have long been noted for a restrictive auto import policy, while Britain and West Germany are relatively liberal.

U.S. Assails Bonn on Airbus Subsidy

BRUSSELS — A senior U.S. official expressed concern Thursday about a plan by the West German government to protect Daimler-Benz AG against fluctuations in exchange rates as part of a deal involving Airbus Industries. Alfred H. Kingston, the U.S. ambassador to the European Community, said in an interview that if the reports of the proposal were true, "that would be very, very troublesome for the United States." "Once you get into government subsidies on exchange rates," he said, "you're opening up a Pandora's box." The exchange rate guarantees are part of a package the government has worked out to allow Daimler-Benz to take a 30 percent stake in Messerschmitt-Bölkow-Blohm GmbH, a German state-controlled aerospace company. If approved, the plan would allow Daimler-Benz, West Germany's largest industrial concern, to go ahead with a restructuring of the German aerospace industry. It would also phase out the government's involvement in Airbus Industrie, a four-nation European consortium that competes with Boeing Co. and McDonnell Douglas Corp. The four governments in Airbus are Britain, France, West Germany and Spain. The deal would transfer West Germany's share of Airbus, now controlled by MBB, to Daimler-Benz. The plan would grant 5 billion Deutsche marks (\$2.8 billion) in new subsidies for Airbus over the next 10 years. About 2.6 billion DM of that would go to protect Daimler-Benz from any Airbus loss on the A-300, A-310 and A-320

models caused by a decline of the dollar to a level of 1.60 DM. Mr. Kingston said the proposed risk guarantees for Daimler-Benz would represent "a big additional obstacle" to resolving a U.S. dispute with Airbus. "We've been working very hard with the Europeans to solve that problem and making a lot of progress," he said. "But if the German government is going to subsidize its Airbus consortium member on exchange rate guarantees, we've never accepted that." "If you subsidize one industry in terms of exchange rate guarantees, then what do you do for all the other industries in your country? Is every government going to guarantee against loss because of exchange rate fluctuations?" Martin Bangemann, the West German economics minister, said the government had discussed the proposal on Wednesday, but no final decision was made after last-minute objections from the Free Democratic Party, the junior coalition partner. He said he expected the plan would be approved by the government on Monday. It. However, he said, Boeing officials talked again with representatives of the Soviet aircraft industry last year at a San Diego air show. (Reuters, AP)

Net at KLM Rises 26% on Traffic Gains

AMSTERDAM — KLM Royal Dutch Airlines surprised the stock market on Thursday with a jump of 26 percent in net profit for the second quarter of 1988. Profit rose to 180.3 million guilders (\$90 million) for the quarter ending Sept. 30 from 143.0 million a year earlier. Profit per share was 3.41 guilders, compared with 2.81. KLM shares closed on the Amsterdam stock exchange Thursday at 40.10, up 1.20 guilders. The airline said pretax operating profit was 234.2 million guilders, up from 143.0 million a year earlier. Brokerage analysts said a strong expansion in the airline's traffic was at last showing results. "KLM has shown a constant rise in the load factor for two years but it never showed up in profits until now," said Bas Rijke at the Mulco brokerage. KLM has been allowed to subtract past losses from current profits for decades. But after more than 10 years in the black, it may now start paying out, analysts said. The airline said it expected net profit for the year to be at least equal to last year's 314 million guilders.

BID: Maxwell Wins

(Continued from first finance page) ... of a rancorous courtroom battle, but Wednesday's decision by the Delaware Supreme Court gave Mr. Maxwell the edge. The court ruled that Macmillan Management had unfairly tipped Kohlberg Kravis about Mr. Maxwell's latest offer during a bidding auction in late September, enabling Kohlberg Kravis to submit a higher bid and obtain an option to buy four key Macmillan operations for \$865 million if the merger fell through. The court blocked the Macmillan merger agreement with Kohlberg Kravis as well as the lockup provision on the sale of the four businesses. Bert Bokser, who follows the publishing business for Raymond James Financial Corp. in St. Petersburg, Florida, said Mr. Maxwell's buyout effort amounted to the "first successful hostile takeover" of a domestic publishing company. He said it was also helped by the publisher's decline. "Among the recent acquisitions was Pearson PLC's \$283 million purchase of Addison-Wesley Publishing Co.; News Corp.'s \$300 million acquisition of Harper & Row Publishers; and Hachette SA's \$450-million buyout of Grolier Inc." Mr. Maxwell has long stated his intention of making Macmillan Communication Corp. into a global communications giant. The London-based company had revenues of about \$1.5 billion last year. He was thwarted last year in an effort to acquire Harcourt Brace Jovanovich Inc., a Florida-based textbook publisher that underwent recapitalization plan instead. Mr. Maxwell owns printing operations that have made him the second largest U.S. printer, and he announced plans last week to buy the airline guides operation of Dun & Bradstreet Corp. for \$750 million.

Net Profit Increases 32% For Akzo in Third Quarter

AMSTERDAM — Akzo NV reported Thursday that net profit in the third quarter rose 32 percent, to 206.3 million guilders (\$103 million) from 155.8 million guilders in the year-earlier period. The chemical group said net profit per share climbed to 5.13 guilders in the latest quarter, from 3.87 guilders a year earlier. The company's dividend remained the same at 1.50 guilders. Net sales rose to 4.13 billion guilders from 3.87 billion guilders. Operating costs totaled 3.78 billion guilders, up from 3.62 billion guilders, while operating income stood at \$22.9 million, compared with 253.9 million guilders. The business, operating in chemical products, 192 million guilders, compared with 95 million guilders; man-made fibers, 2 million guilders, compared with a loss of 24 million; coatings, 67 million guilders, from 64 million; pharmaceuticals, 82 million guilders, from 80 million; miscellaneous products, 16 million guilders compared with 7 million. Akzo paid taxes of 100.5 million guilders in the quarter, compared with 63.1 million guilders a year earlier. The company also reaffirmed that it expected net profit for the full year, before extraordinary items, to be significantly above the 1987 level of 669 million guilders. "We believe that the current strong performance will continue in the fourth quarter," the company said. Akzo said that its investment and acquisition activity would remain intensive and that it was considering shortening exercise time on warrants outstanding to bolster its capital base quickly. A spokesman later said the remark concerned two million warrants outstanding since 1986 for 48 guilders each. One warrant gives the right to one Akzo share for 120 guilders if exercised before Sept. 1, 1991. If all the warrants were fully exercised, capital would increase 5 percent. Akzo noted that it had spent 300 million guilders on takeovers in the first nine months of the year and had 900 million in cash balances at the end of the third quarter, unchanged from the end of 1987.

Net Profit Increases 32% For Akzo in Third Quarter

(Continued from first finance page) ... But to meet the current shortage, Charles F. Wagner, president of Caymus Vineyards, imported bulk Chilean cabernet and chardonnay from his low-priced Liberty School brand, shocking many of his Napa neighbors. "The cost of anything we could find in this country was prohibitive," Mr. Wagner said. He said he was not certain the Chilean wine would remain available for the long term, but he said he was not concerned. "Down the road we will have a chardonnay glut." Many growers saw their smallest harvest in recent history, down by 30 percent or more from a normal year. The overall harvest was still the largest ever, spurred by big yields in the Central Valley. But those grapes are used primarily in inexpensive jug wines, a segment of the market that is slowing, while sales of premium wines are growing by 25 percent a year. As of Oct. 8, with most of the harvest complete, the total crop for all districts in the state was up 3 percent, to 2.48 million tons, while the north coast crop was down 11 percent, to 226,000 tons. Committed to producing wines from specific regions and designated vineyards, Mr. Draper of Ridge Vineyards resigned himself to making less wine this year — barely

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WINE: California Must Hold Prices or Face Imports

... But Mr. Bokser said that if Mr. Maxwell did sell something to help pay for the takeover, it would likely be the Katherine Gibbs secretarial and Berlitz language schools and Gump's retail operations. "Macmillan earned \$70.7 million on revenue of \$955.8 million in 1987. Its publishing operations including textbooks accounted for about 26 percent of its sales and 41 percent of its operating income in 1987, while information services such as legal databases and directories comprised 24 percent of its 1987 sales and 40 percent of its operating income.

WINE: California Must Hold Prices or Face Imports

... 28,000 cases instead of Ridge's maximum of 40,000 — and has not decided how to price the more costly 1988 vintage. Fortunately, quality was high despite the difficult weather. Other winners, unable to find suitable California grapes at a reasonable price, imported grapes or bulk wine from overseas. Much of this wine was labeled in such a way that its origin, while not disguised, was not immediately apparent. Although Caymus packaged Chilean wine under its Liberty School brand, it used a different label. Canadiana Wine Co. marketed a white zinfandel that announced its origin in tiny letters. Trader Joe's, a large Southern California retailer, bottled varietals from France for its house brand, with labels very similar to its California wines. Grape growers say the drought played a role in the short crop, but a greater problem was the peculiar weather last spring. During the crucial period when the vines flower and the grapes begin to form, or set, late rains and wide swings between warm and cold days disrupted the maturation process, producing small green berries that never grew into full grapes. Extreme and unusual heat in July compounded the problem for some growers.

WINE: California Must Hold Prices or Face Imports

... The Société Générale Group achieved a 21% increase in profits despite growing competition between banks, unfavourable stock market conditions and a further substantial increase in provisions. Sustained activity in the first half of the year. Deposits have risen by 6.7%, and outstanding loans by 10.4%. The increase in loans to private customers was particularly marked (26% compared with the first half of 1987 in the case of Société Générale's domestic network). Specialised financing and capital market activities have also increased significantly. A MARKED INCREASE IN RESULTS - Net banking income: 6.4% higher than in the first half of 1987. - Administrative expenses: up 7.4% compared with the first half of 1987. This rise is due mainly to the development of both French and foreign subsidiaries engaged in specialised financing and capital market activity. - Gross operating profits: FF 4,776 million, up 4% on the first half of 1987. - Net profit: FF 1,643 million, up 22.6% compared with the first half of 1987, of which the Société Générale Group's share is FF 1,438 million (up 21%). INCREASE IN SHAREHOLDERS' EQUITY Shareholders' equity has increased by 5.8% since 31 December 1987 and by 11.7% over the year. After the dividend payment in the form of shares and the September issue of convertible bonds, the potential increase in shareholders' equity is equal to 21.4% of the equity on 30 June 1988. For further information please contact our "Shareholders Information Service" in Paris, telephone: 33.1.40.98.52.16.

SOCIÉTÉ GÉNÉRALE FIRST HALF OF 1988, THE RESULTS YOU HAVE BEEN WAITING FOR:
A bar chart showing net results in billions of FF from 1987:2 to 30.06.1988. Values are 810, 1332, 1340, 1643. Includes a photo of a man and the text 'INCREASES IN NET RESULTS' and 'Exceptional capital gains'.

Floating-Rate Notes

Table of Floating-Rate Notes with columns for Issuer, Maturity, Bid, Ask, and Dollars.

Coupons Next Bid Ask

Table of financial data including various currencies like Pounds Sterling, Deutsche Marks, and Japanese Yen, with columns for Issuer, Maturity, Bid, Ask, and Coupon.

SOCIÉTÉ GÉNÉRALE
The Société Générale Group achieved a 21% increase in profits despite growing competition between banks, unfavourable stock market conditions and a further substantial increase in provisions. Sustained activity in the first half of the year. Deposits have risen by 6.7%, and outstanding loans by 10.4%. The increase in loans to private customers was particularly marked (26% compared with the first half of 1987 in the case of Société Générale's domestic network). Specialised financing and capital market activities have also increased significantly. A MARKED INCREASE IN RESULTS - Net banking income: 6.4% higher than in the first half of 1987. - Administrative expenses: up 7.4% compared with the first half of 1987. This rise is due mainly to the development of both French and foreign subsidiaries engaged in specialised financing and capital market activity. - Gross operating profits: FF 4,776 million, up 4% on the first half of 1987. - Net profit: FF 1,643 million, up 22.6% compared with the first half of 1987, of which the Société Générale Group's share is FF 1,438 million (up 21%). INCREASE IN SHAREHOLDERS' EQUITY Shareholders' equity has increased by 5.8% since 31 December 1987 and by 11.7% over the year. After the dividend payment in the form of shares and the September issue of convertible bonds, the potential increase in shareholders' equity is equal to 21.4% of the equity on 30 June 1988. For further information please contact our "Shareholders Information Service" in Paris, telephone: 33.1.40.98.52.16.

CURRENCY MARKETS

Dollar Inches Up in Quiet New York Trading

NEW YORK — The dollar advanced slightly Thursday in quiet trading, reflecting short-covering before U.S. employment data to be released Friday, dealers said.

They noted that the closure of the Tokyo market for a holiday left the market with little direction. Earlier this week, strong Japanese selling of dollars pushed the currency below the important 125 yen level, despite efforts by the U.S. and Japanese central banks to support the dollar.

"The market is still bearish," said John Lyman, a vice president of Security Pacific International Bank.

Dealers noted that in addition to the employment figures, the market was awaiting the results of next week's U.S. election.

Table with 3 columns: Currency, Bid, Ask. Includes Deutsche mark, French franc, Swiss franc, British pound, Japanese yen.

The U.S. currency inched up to 124.575 yen at the close, from 124.325 at Wednesday's close, while it advanced to 1.7783 Deutsche marks from 1.7738 and to 1.4903 Swiss francs from 1.4888.

The British pound, which strengthened markedly Wednesday, slipped back to \$1.7778 at the close from \$1.7815, while the dollar also advanced against the French franc, to 6.0720 from Wednesday's 6.0530.

In London earlier, the dollar dipped in late trading to close weaker after moving within narrow ranges during a dull session.

"The guidance for the market has been coming from Tokyo, but with Tokyo out it isn't going anywhere," said Robert Hatcher of Barclays Bank in New York.

The dollar ended at 1.7715 Deutsche marks, down from Wednesday's close of 1.7795 DM, and at 124.25 yen, down from 124.65. It closed at 1.4864 Swiss francs, compared with 1.4974, and at 6.0555 French francs, compared with 6.0765.

The British pound was slightly stronger against the dollar, closing at \$1.7810, compared with \$1.7775.

Dealers also said interest in the dollar was dampened by anxieties about the U.S. jobs data.

The U.S. election next Tuesday and the perceived intention of central banks to stop the dollar from falling before then kept the market on edge, dealers said.

"Those who are not strong-willed are tempted to square their positions now," said Anthony Mathers, head of treasury at Westpac Banking Corp. in London.

"But on the other hand, a small recovery in the dollar is a possibility — hence the range trading."

Dealers are especially looking to the October jobs data for an indication of U.S. economic strength.

Economists' median expectations centered on an unemployment rate almost unchanged from September's 5.4 percent and on the rise in nonfarm jobs to slow to 235,000 from 255,000 in September.

Subroto Sees Oil Collapse if Iraq Balks at Output Accord

OSLO — Subroto, the secretary-general of OPEC, said Thursday that there would be no oil production agreement at the Vienna meeting of OPEC ministers and oil prices would collapse if Iraq did not accept a production quota.

His comments were made on the same day that the International Energy Agency released a report saying world oil supplies outside of centrally planned economies had risen in October to the highest level in five years.

On a visit to Oslo, Subroto, the former oil minister of Indonesia, said that if a production agreement were signed at the Vienna talks, due to start Nov. 21, the Organization for Economic Co-operation and Development would make concrete proposals on cooperation with non-OPEC oil producers.

However, if Iraq fails to sign an agreement that includes all 13 members of OPEC, "everyone will go their own way and prices will collapse."

Subroto said the major problem facing OPEC was the persistent refusal of Iraq to accept an output quota that is less than that of Iran.

He declined to forecast how low prices might go if an accord is not reached.

West Texas Intermediate, the U.S. benchmark crude, rose 13 cents in New York on Thursday to \$13.88 a barrel for December delivery. North Sea Brent rose 30 cents to \$12.55 a barrel in London.

Traders said the market's slow upward momentum, which began Wednesday in the United States, was briefly interrupted by Subroto's remarks.

Norway, the biggest oil producer in Western Europe after Britain, has threatened to drop out of the expansion of its output if OPEC fails to restore discipline at its Vienna meeting.

"We plead and ask and appeal that Norway should continue its production," said Subroto.

He also expressed concern about Norway's planned increase in oil production, chiefly from new fields, next year. Norway expects production capacity to increase to 1.5 million barrels a day when its new Oseberg field comes on stream. It now pumps around 1.1 million barrels.

Meanwhile, the Paris-based IEA said Thursday that oil supply on the free world market rose to 52.3 million barrels a day in October from 51.5 million barrels in September. The figures include oil production by OPEC, the 24 industrialized countries grouped in the Organization for Economic Coop-

eration and Development and developing countries.

In its monthly oil-market survey, the energy agency said Middle East Gulf states accounted for the largest share of the increase. Their output rose by 500,000 barrels a day to 14.6 million barrels a day.

The IEA estimated that total average crude production by OPEC members was near 21.1 million barrels a day in October, up from 19.6 million barrels in September.

It said the entire increase in OPEC output was due to Saudi Arabia, OPEC's largest producer. Saudi production climbed from 4.9 million barrels a day in September to 5.5 million barrels, the kingdom's highest monthly level since August 1986.

The agency forecast that for 1988 as a whole, total consumption was expected to be 1.7 percent above the 1987 level, at 36.4 million barrels a day.

Dealers Say Rally in Gold May Not Last

LONDON — The price of gold has risen suddenly after a period when the bullion market looked almost dead, but the rally has shown signs that it could be short-lived.

Itters before the U.S. presidential election next Tuesday and concern for the health of Emperor Hirohito in Japan, plus a speculative rally in platinum, have helped revive the gold market after two flat months, dealers said.

In London trading on Thursday, gold bullion closed firm, but well off its session highs, at \$422.35 an ounce, up about \$5 an ounce from Wednesday. The \$425 level is considered technically important.

Gold futures closed lower in New York on profit taking and a slide in the dollar. Gold for December delivery was off 50 cents an ounce to \$423.70, near the bottom of the day's range. Earlier in the session, the price went as high as \$427.20.

Gold is popular with investors when they fear higher inflation, against which it provides a hedge, or when they seek a safe haven during periods of political tension. It peaked at around \$850 an ounce early in 1980 during the U.S. hostage crisis in Iran, a time when inflation was also high.

Global inflation fears have abated recently and, while bullion analysts said new speculative buying could drive the price of gold higher, they wondered how long it could advance, especially as there is willing supply from leading producers.

Higher gold prices are in part a belated response

to a major rally in the more volatile platinum market, where there are fears about supply shortages, and also to weakness in the dollar, experts said.

Platinum futures hit four-and-a-half-month highs in New York trading Thursday before retreating on profit taking.

The early advance stalled at \$592 an ounce, below the psychologically important \$600 level. Platinum for December delivery closed off 90 cents an ounce at \$577.70.

Before the drop, platinum had accumulated gains of more than \$50 an ounce in four consecutive days of trading.

In London trading earlier Thursday, platinum peaked at \$589.50 an ounce before falling back to close at \$582.25 an ounce, up \$3 from Wednesday.

Nick Hatch, a mining specialist with the London brokerage Kleinwort Greaveson Ltd., said, "You do tend to get gold sucked up in the wake of the platinum."

He said some trade houses had platinum/gold switch programs, which triggered gold buying once the price between the two metals widened sharply.

Mr. Hatch said there was also talk that gold buying in Asia was led by speculation that Japan may issue a new gold coin to commemorate Emperor Hirohito.

Even as gold rallied, selling by producers Australia and Canada was apparent, a London dealer for a Swiss bank said.

JAPAN: Trade Surplus Expected to Grow, Raising Specter of Another Round of Friction

(Continued from first finance page) pated renewed progress toward a lower merchandise surplus, they add that it is likely to be at least 1990 before this becomes apparent.

Depending on oil prices, overseas demand and other variables, the surplus in the fiscal year to next March could approach the \$94 billion reported for 1987-88.

For the first half of Japan's current fiscal year, the surplus stood at \$43.3 billion on a balance-of-payments basis. Given signs of increased exports and reduced import growth, Tokyo's official target for the year — a 14 percent drop in the surplus, to \$81 billion — is now seen as almost unattainable.

Despite progress in reducing Japan's bilateral trade surplus with the United States, economists now question whether this can be sustained at a pace that would carry the process into next year.

The dollar's current weakness against the Japanese yen is one sign of anxiety about the emerging trade picture in financial markets.

Among both investors and government officials, there are mounting concerns that another dramatic slide in the dollar may be imminent

and rely less on high-volume sales overseas in favor of low-volume, high-value goods.

All of these developments were expected to reduce Japan's exports and to one degree or another all are now established economic trends.

Reflecting the globalization of Japanese manufacturing, for instance, exports of home appliances — once a substantial contributor to overseas earnings — are currently off 25 percent in volume terms from a year ago.

With unexpected speed, however, manufacturers have established themselves as strong competitors in fields in which Japan has become newly competitive. Most of these are less sensitive to exchange rates than consumer products.

Exports of computer equipment in the five months through August were up 28 percent, to \$4.6 billion. Among other emerging industries, overseas sales of video cameras were up 72 percent, to \$1.8 billion; telecommunications equipment, including facsimile machines, rose 87 percent, to \$1.2 billion.

This doesn't mean the Japanese economy isn't going in the right direction," said Hirobumi Kawano,

director of the export division at the Ministry of International Trade and Industry. "But obviously some sectors of industry have recovered their competitiveness more quickly than we expected."

Japanese trade officials are looking partly toward slower growth in Japan's major markets to reduce the flow of exports. More fundamentally, they say, the full impact of the relocation of industry overseas has not yet been felt.

To demonstrate the relative weight of these factors, officials point to a 65 percent rise in the value of semiconductor exports, to \$2.7 billion, in the five months through August. This is partly attributable to a worldwide shortage, they say, and partly to demand from Japanese subsidiaries.

"In some products, exports simply have to increase to keep pace with the spread of Japanese manufacturing," Mr. Kawano asserted. "This will change as overseas facilities begin producing their own components."

More immediately, Mr. Kawano and other officials are concerned that lower oil prices will obscure the progress that has been made in

restructuring the Japanese economy. Manufactured imports, they point out, advanced beyond 50 percent of total imports in September for the first time in Japanese history.

That, however, may prove to be a peak, at least temporarily. Industrial output in Japan, which has been a major factor in attracting imports, has dropped from an annualized rate of 21 percent a year ago to roughly 8 percent in recent months.

As exports also advance to record levels, economists have concluded that currency adjustments made over the past several years have simply not been sufficient to induce the degree of adjustment in Japan's surplus that had been anticipated. Some Tokyo analysts estimate that the surplus in Japan's visible trade is likely to rise to a record \$100 billion in 1989.

"We've got further distortion in the Japanese trade account to come," said David Pike, chief economist at UBS/Phillips & Drew in Tokyo. "But longer term, it's more a matter of things getting somewhat worse before they get better."

Thursday's OTC Prices. This table lists various OTC securities with their prices and volume.

Table with 12 columns: 12 Month High, Low, Stock, Div, Yld, PE, Bid, Ask, High, Low, 4 P.M. Offer. Lists various stocks like AIG, AIGP, AIGS, etc.

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1992

The World's Rendezvous With Europe

The Common Agricultural Policy / Subsidies and Surpluses

EC Restructures Programs But Avoids Timetable

The wine and milk lakes are draining, the butter and grain mountains are shrinking, and the European Community is trying to move away from the subsidy programs that created them in the first place.

"We are successfully tackling the problem," says John MacGregor, Britain's minister for agriculture. "The surpluses are being brought under control."

However, he continues, the EC still has a long way to go in revamping its agricultural policy. "The disciplines of the marketplace need to be brought into greater play," Mr. MacGregor adds.

Just how that will be accomplished remains uncertain. Considerable controversy continues, both within the EC and among its agricultural competi-

tors, over the shape of future policies to ease subsidies and guarantee that such surpluses never again blight the economic landscape. An important accompanying factor is how such reform can accommodate increasing environmental concern over protection of the land.

Inside the EC, a critical question is whether new farm policies can impose a market-driven efficiency that both brings prices down for consumers but at the same time maintains income for producers.

Outside the EC, a key issue is whether agreement can be reached with trading partners and rivals such as the United States, which thinks that subsidies in Europe are being lifted too slowly. The conflict between the EC and the United States, which

wants all farm subsidies scrapped by the year 2000, may come to a head next month when General Agreement on Tariffs and Trade (GATT) trade ministers meet in Montreal.

The Common Agricultural Policy (CAP), begun in 1962 with the goal of guaranteeing that Western Europe could feed itself, has over the years used a series of quotas and subsidies to regulate production levels and prices for virtually all farm products in the EC. But it was what EC officials call a "reactive" system, responding to problems — oversupplies, undersupplies, rising and falling markets — by imposing artificial restrictions and incentives.

The EC butter mountain has been a prime example. To protect dairy farmers, the CAP mandated high prices on butter and bought oversupplies. So farmers overproduced. As the butter mountain climbed — to 1.2 billion metric tons in 1987 — storage costs rose to an estimated £1 million (\$1.76 million) a day. And the EC sold it off for less than it had paid the farmers — much of it to the Soviet Union at a 7 percent loss, not counting storage costs.

"First, EC customers were prevented from buying that butter cheaply, at world prices," says Jill Moore of Britain's National Consumer Council. "Then, as taxpayers, they had to pay for storing it. Then they paid to have it sold off to other countries cheaply."

Mrs. Moore was the director of research for a recent project that showed the weekly grocery bill for the average family of four in the EC was £13.50 (U.S.\$24) higher because of EC subsidies. "Sometimes, in order to get rid of food, the EC has to pay in export subsidies nearly as much as it

See Restructuring, page 11



The Common Market / The Challenge of Integration

Europe's Food Industry: Toward a Barrier-Free Diet

Even the most ardent advocates of European integration are unwilling to diminish the delights of European cuisine. New rules will be introduced to abolish non-tariff and other trade barriers on food products among the 12 European Community countries, but they will be aimed at respecting national preferences.

A report earlier this year from the European Commission's Cecchini Commission said national characteristics weigh more heavily in the food industry than in any other. The U.S. management consultant MAC Group, which prepared the agribusiness section of the report, found that non-tariff barriers in the food trade have increased rather than decreased in re-

cent years and now stand at more than 200 in ten product sectors.

Their removal would reduce costs by between 500 million and one billion ECUs (\$575 million — \$1.150 billion) a year, the equivalent of between 1 and 2 percent of food sales at manufacturers' prices. The savings would come from the use of cheaper ingredients, lower labeling and packaging costs and the absence of red tape on imports. More than 80 percent of the direct benefits would stem from lifting restrictions on six ingredients. Scrapping the ban on vegetable fat alone would account for more than 40 percent of the savings.

"The single market is merely putting steam under a process that has been

going on for a long time," commented Paul Gray, head of the Commission's Food Division. He believes the most important rules will be in place when 1993 dawns.

"The five major directives to be adopted will cover additives, labeling, materials and contact (packaging), dietetics and color," he said. These concern so-called horizontal harmonization in areas like public health and consumer protection that cannot be left to national tradition. There are now about 500 food additives permitted in the Community, about half the number allowed ten years ago, Mr. Gray said. This is because testing has become more widespread and the techniques have improved.

"It is neither possible nor desirable to confine product composition to a legislative straitjacket," Mr. Gray said. "It would undermine new product development. Besides, consumer taste and preference are not matters for legislation. Even the U.S. Food and Drug Administration is moving away from food standards. Last year was the first in 30 years in which no new standard was adopted."

Jurisprudence has a vital part to play. It is based on the famous "Cassis de Dijon" case in 1979, and more recently on the rulings from the European Court of Justice in Luxembourg on German beer, Italian pasta and

See Food Industry, page 11

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1992 The World's Rendezvous With Europe

Interview / Floris Majlers, Chairman of Unilever

A Taste of the Integrated Market

Floris Majlers, chairman of Unilever NV and a new member of the Roundtable of European Industrialists, outlined his views on the European food market, its industry and emerging consumer attitudes. The interview, which took place in Rotterdam, was conducted by Axel Krause, corporate editor of the International Herald Tribune. Following are excerpts from the interview:

Does it worry you that, according to some reports, Europe's food consumption is expected to remain stable over the next five years and decline as a proportion of disposable income?

It is important to make a clear distinction between the North and the South, establishing Lyon as the middle of Europe. The North faces declining population, but there are many factors offsetting that trend — the expanding development of value-added products, which depend on the advent of the microwave oven, for example. Low-calorie and convenience foods in general are also rising.

Does this mean European consumer tastes are becoming more "Europeanized" as 1992 approaches?

The answer is yes, it is happening, to a limited degree, but not nearly as fast as people believe. And large differences remain between markets.

Could you give some examples?

Frozen pizzas are now produced by us in a number of European countries. The French prefer a bread-like texture, and the Italians a thinner crust. Similarly, looking at tomato soup, the British like it very sweet, the Belgians prefer that it be creamy. But some eating habits are changing even faster and becoming more uniform, as McDonald's has demonstrated with its products.

Do products such as detergents better lend themselves to "Europeanization"?

Yes. There isn't much difference between washing a tee shirt in Copenhagen and one in Naples.

As one of the world's largest food companies, where do you see the greatest potential for growth?

East Asia, I think, is the number one priority.

What is the outlook for Unilever in Japan, where you are already active?

We have been through a difficult period in Japan. We built up a few markets, but we were still too small to attract qualified Japanese managers. Now the situation is changing. We are the second-largest margarine seller in Japan, and have some very successful products on the market. Most of these products are made in Japan.

How will the coming of 1992 affect your business in Europe, which accounts for over 60 percent of Unilever's sales?

We look to concentration, moving toward a smaller number of larger plants in which fewer products are made in bigger quantities and at lower costs. Take dishwashing machine products. We have concentrated production in two plants on the Continent, and one in the United Kingdom. If we had not been thinking about Europe, we would have wound up with 10 or perhaps 12 production units.

Aren't there still many barriers to marketing food and beverages within the Common Market?

Yes, but many of the barriers are being removed. The famous Cassis de Dijon case was the starting point. [The European Court of Justice in Luxembourg ruled that Germany could not prohibit imports of Crème de Cassis liqueur.] We now have a similar case of a barrier in Italy we could challenge and probably win, but it would take two years or more and cost a lot of money.

What is the specific barrier?

The Italian law now says that you can only make margarine that has 80 percent fat. Low calorie margarine



STEWART GALLOWSY

"Large differences remain between markets," Floris Majlers, Unilever.

normally has 40 percent and, at the moment, is not legally allowed in Italy.

How will the new EC rules affect that?

A product legally allowed in one country should be allowed in all others. That means it will become much easier to have commercial products available throughout the Common Market so we can also speed up product innovation and product launching, and avoid complex legal procedures every time we develop a new product. For example, it would enable us to take a German product made by our group there and, after changing the label, sell it in Italy. At the moment that is impossible.

What about other kinds of barriers?

Meat is another very difficult area. We have large meat factories throughout Europe and we find it terribly difficult to export, because of veterinary reasons. Similarly, if you want to transport ice cream from here to the United Kingdom you need a veterinary statement. Theoretically, the products could spread hoof-and-mouth disease in the United Kingdom.

Will 1992 remove such barriers?

Hopefully. But I'm not 100 percent sure. The French are the most difficult on margarine, because of the high VAT tariff they charge. The proposed harmonization of VAT taxes in the European Community will help our competitiveness in the market.

What guarantee is there that any savings from an integrated Europe will be passed on to the consumer?

The most important incentive we have, really, is pressure from our customers — the retail chains. Continuing price pressure will be there. The moment you price too high above them, you lose market share at an amazing speed.

Where is the greatest danger in growing protectionism?

I believe it is in the field of agriculture.

What is your reaction to the Reagan administration proposals for eliminating all farm subsidies?

It is a beautiful slogan, but will it happen? Prices are much higher here because we subsidize farmers under the Common Agricultural Policy, but I

believe that for the foreseeable future we will have to live with it.

Does the idea of a European company statute appeal to you here at Unilever?

Not for the moment. For the past 59 years we have operated as a company with a dual nationality — British and Dutch — and it works extremely well, and I can easily see it working for another 59 years.

What about the 1992 "social dimension," and widely debated plans for greater worker-employee participation schemes that might be applied to European companies?

I would be very worried if we said that in the United Kingdom we were going to apply the German system tomorrow, because they are not prepared for it. Our German company is fully under the German co-determination system, and there we have worker-union representatives on the supervisory board. Co-determination can be a very good thing if you take the time to educate both parties to work at it.

How do you view the EC plans for monetary union?

I am not sure what difference the Central Bank idea would make to industry, but extending the EMS would be welcomed. It would be a great help to the likes of us if we had the pound in the EMS exchange mechanism. That is the first practical step toward union — having the pound join the EMS. Even the Confederation of British Industry is convinced of that.

Agricultural Policy / Subsidies and Surpluses

Restructuring

Continued from page 1

paid for the food in the first place," she says. By the mid-1980s, agricultural subsidies had risen to account for two-thirds of the EC's entire budget. Changes over the past four years, however, have begun to take effect and next year, for the first time, spending on agriculture will account for less than 60 percent of the EC budget. Furthermore, the EC is hoping to continue cutting the agricultural share of its budget by limiting its annual increase to 74 percent of the EC's annual economic growth rate.

Yet Henning Christophersen, the EC budget commissioner, claims that part of the reason agricultural spending will be lower next year is that the 1988 droughts in the United States and China buoyed the demand for European products around the world. He warns that the EC will be subject to intense pressure from the farm lobby to raise European prices — a move that could again result in over-supplies at home — if weather conditions improve abroad. Meanwhile, though the "milk lake" shrank from 789,000 to 40,000 metric tons between May 1987 and May 1988, some of the places that once helped produce these surpluses, notably parts of Belgium and the Netherlands, are now facing shortages and importing the product.

Price supports for the wine industry are also being phased out by 1991 in order to drain the "wine lake" that had grown to 10 bottles for every man, woman and child in the EC. Quotas for intervention were also set in 1986 and 1987 for cereals and beef, and earlier this year "stabilizers" were introduced for virtually all agricultural products.

The EC currently has 10 million farmers, compared with an estimated 3.8 million in the United States. As the European agricultural rationalization continues, the number of farms and farmers is expected to fall dramatically, as it has in the United States in recent decades. By the year 2000, the EC estimates the current number of farmers will be halved.

The EC is therefore moving toward direct cash subsidies to ease the transition period, especially for poorer, smaller farms. Direct aid is already paid in a limited form for cereal growers and for farmers in some hilly and mountainous areas, and a new aid system encourages less productive farmers to stop farming. But the details of a broader program of direct payments have yet to be worked out.

One fledgling program is a "set-aside" plan to compensate farmers for not growing their crops in the first place. This plan, due to begin next year, provides payments of £70 to £420 a hectare (\$50-\$297 an acre). The farmer's home country will use its own formula to determine these payments, depending on the size of the farm and the type of crop, and the EC should meet 40 percent of the cost.

The shape of future EC payments, however, remains uncertain despite support from the European Commission for both direct payments and a set-aside program. At a recent meeting in Luxembourg, the agriculture ministers of Britain, France and West Germany all expressed doubts. "It seems contradictory to pay people under the set-aside scheme to leave the land and pay them through direct income aids to stay in farming," commented a West German official.

Outside the EC, the chief contention of the Reagan administration is that all forms of farm subsidy should be banned by the end of this century. Consequently, the U.S. Agriculture Department has been highly critical of the EC's refusal to go along with this deadline. Indeed, Richard Lyng, the U.S. agriculture secretary, characterizes the progress to date — changes of which the EC is extremely proud — as no more than "modest" reform.

At the last GATT summit in Toronto in June, both the EC and the United States claimed victory over a communique that was so vaguely drafted that it could be interpreted as favoring either position: U.S. insistence on a blanket end to all subsidies, or EC preference for a more gradual, short-term, step-by-step approach.

In July, a group of 13 food-exporting nations, led by Australia, suggested a way to break the U.S.-EC deadlock. The Cairns Group proposed that when GATT's trade ministers meet again on December 5, they devote themselves to setting guidelines and a timetable that would represent an acceptable compromise.

So far, though, any type of compromise does not appear imminent, either in Montreal next month or at any other time in the future; the EC says it is unwilling at this point to set a timetable for abandoning all subsidies, especially its dual-pricing system that charges more for products sold in Europe than on the world market.

The United States' position is that if Europe's piecemeal approach succeeds in partially easing the oversupply and overpricing problems, the EC will stop there and not go on to wipe out all subsidies and get at the underlying problems of world agricultural production and distribution.

The EC, on the other hand, fears going too fast. And some in Europe believe the United States has little real interest in abandoning subsidies, but instead is using the EC's public reluctance to go along with a "zero option" program as an excuse to do nothing themselves.

"We cannot go along with the American proposition," says Frans Andriessen, the EC commissioner for agriculture. "It is simply not practical. We are ready to reduce barriers, but we cannot go to the opposite extreme and abandon all public measures to stabilize markets."

Timothy Harper



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1992 The World's Rendezvous With Europe

Ecology / Conservation Versus Innovation

Welcoming the Advent of Environment Technology

Mikhail Gorbachev talks of avoiding ecological disaster, George Bush exploits pollution worries in his presidential campaign, Margaret Thatcher bemoans the fate of the ozone layer. Politicians — the world's most efficient barometers of changing fashion — have discovered the environment.

As part of this development, Europeans are reexamining their views on farming and high-tech agribusiness. "We need to move from production technology to environment technology," commented Giorgio Ruffolo, the Italian minister of the environment. "We must take account of environmental restraints both in economic projections and in calculating companies' operating costs," he added.

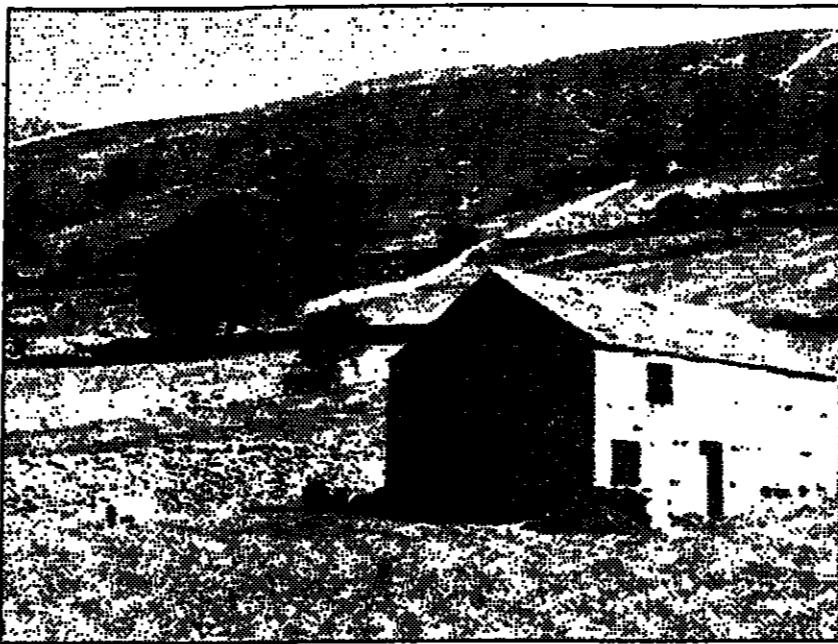
The European Commission is looking for tighter controls on land use, and wants to cut the application of chemical pesticides to the absolute minimum. It is considering ways of coping with the problems of disposal

of animal waste products, and favors the extension of subsidy schemes to producers willing to use less intensive methods.

For example, Britain has launched 19 nature conservation schemes backed by EC grants, covering some two million acres of farmland. Known as environmentally sensitive areas (ESA's), they range from river valleys in Suffolk on the east coast to the Cambrian mountains of Wales. Land plowed up to make way for crops is now being converted back to meadows, and hedgerows are being replanted.

"Set-aside" schemes encourage farmers to take over-exploited fields out of agricultural use, and turn them over to ecologically acceptable activities — typically leisure and recreation. Conversion of farmland to golf courses in West Germany is another example.

A key element of the EC Commission's policy is the "polluter pays" principle. Producers who continue to cause environmental damage should bear the costs, and compensation should not generally be available for



Britain's new conservation schemes cover two million acres of farmland.

complying with minimum standards. The Institute for European Environmental Policy is an independent research body, with headquarters in Bonn and regional offices in Paris,

London and Brussels. Thierry Lavoux, who heads the organization's French network, identifies two key issues — damage caused by chemicals and ethical questions raised by biotechnology developments. The latter include genetic engineering with animals, aimed characteristically at producing either more or leaner meat.

In France, for instance, the government committee responsible for authorizing new procedures is attached to the ministry of agriculture, and applies purely technical criteria in arriving at its decisions. "There is no real democratic control over the proceedings of such committees," Mr. Lavoux states. "Moreover, in companies researchers are concerned solely with their research, and do not ask themselves underlying questions."

Hans Von Loeper, director general of the Brussels-based Groupement International des Associations Nationales de Produits Agrochimiques (GI-FAP), has a different tale to tell. His association represents agrochemical manufacturers in some 50 countries worldwide, and members include such major companies such as Monsanto, Bayer, ICI, Dupont and CIBA-Geigy.

"Safety is a major concern of our

industry, and we are currently working on a number of specific projects in this area," Mr. Von Loeper indicates. "For instance, we are devising new guidelines for warehousing of pesticides, and we act as consultants to the United Nations Environment Program [UNEP]."

"Replacing pesticides with 'natural' methods looks attractive at first sight, but there is no biological product that can in any way compete with chemicals for large-scale crop growing," he adds.

France's environment minister, Brice Lalonde, agrees that new biotechnologies have an important role to play in nature conservation as well as in the improvement of production techniques. "The development of plants that are resistant both to insects and fungi will free the farmer from excessive reliance on chemicals," he told delegates to a meeting organized by Rhône-Poulenc last month. "Such techniques can also be used to fight against the dwindling of genetic variety in nature by building up genetic stock banks and developing tissues from existing species."

"The question today," believes Mr. Lalonde, "is not just how to protect nature, but which nature to choose." **Michael Rowe**

The Common Market / The Challenge of Integration

Europe's Food Industry

Continued from page 1

French Edam cheese. The principle behind all of them is that member countries may not refuse entry to imports if the product recipe is different from their home-made equivalent.

Not everyone shares Mr. Gray's optimism on the regulatory timetable, however. In a recent interview, Jacques Delors said the directives on plant health were lagging more than any others, mainly because: "Community agricultural ministers have had many other problems to solve over the past three years."

Francis Lapatte, president of the French National Association of Food Industries (ANIA), accused the Commission of procrastination. In a speech before the opening of the October World Food Show in Paris, he said the harmonization base remains extremely vague, and that the horizontal proposals are inadequate.

"We need to have a higher priority for food laws, and proper enforcement," agrees Tony Venables, director of the European Bureau of Consumer Unions. "We also need more action on the environmental side. There are lots of good intentions, but little concrete progress. Not enough has been done yet on food hygiene standards and contaminants in the food chain." One future topic will be nutrition, Mr. Venables said. "Nutritional advice will become an important argument for reducing production of commodities like sugar and butter."

But regulation is only about a quarter of the picture. According to Thomas Beale, a senior associate in the MAC Group's Paris office: "Competition is the driving force behind European integration, and companies that are waiting to see what happens will find they are already too late."

The MAC report predicted massive restructuring for the fragmented European food industry over the next five years. The prediction has already been borne out with half a dozen major takeovers completed or in progress since the report was completed six months ago.

Upstream, more remains to be done to reform Europe's Common Agricultural Policy (CAP), but "the main architecture is complete," said Nico Wegter, spokesman for agricultural affairs at the European Commission.

A further cloud over European agriculture is the unrelenting conflict over farm subsidies with the United States, as each side continues to accuse the other of bad faith in attempts to reduce price support.

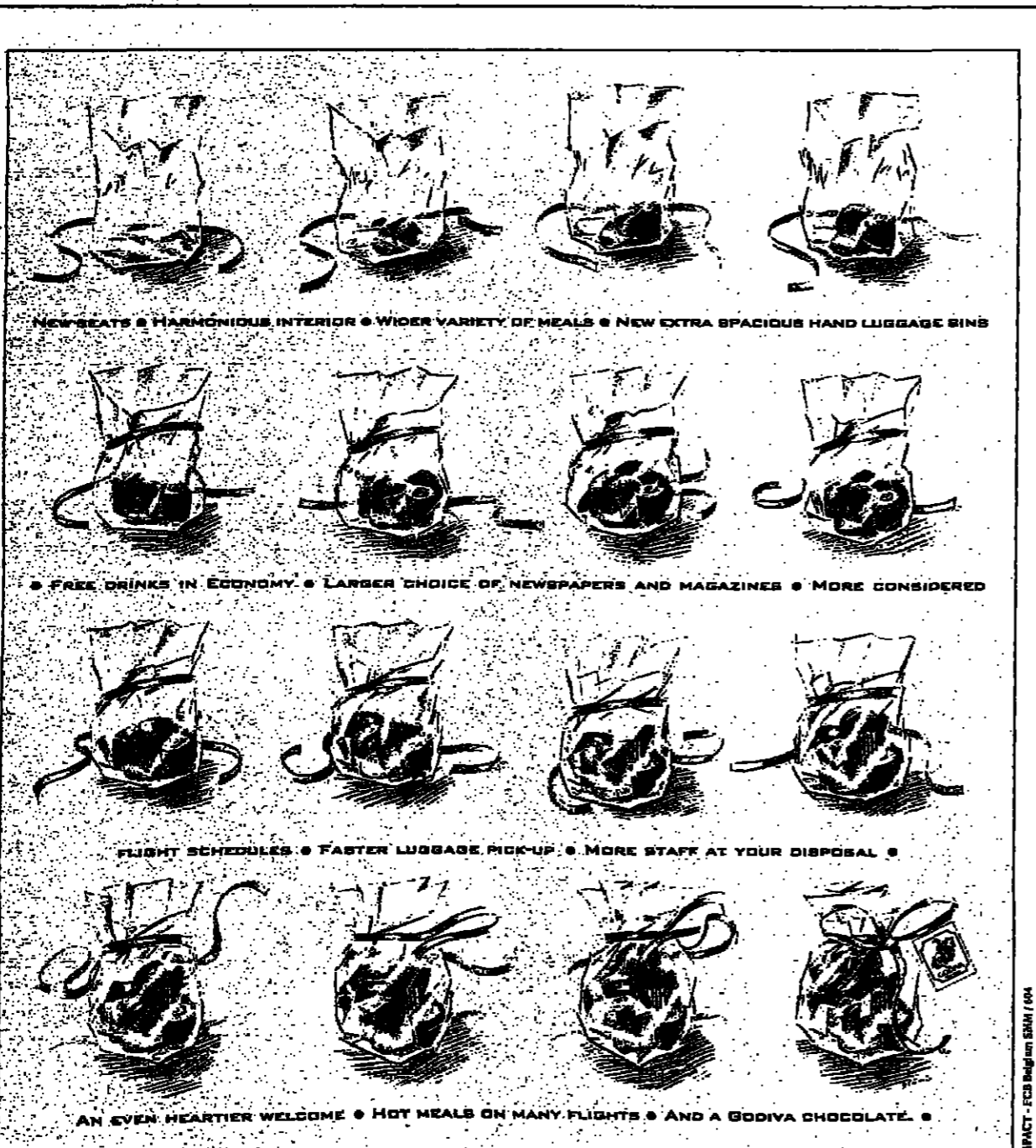
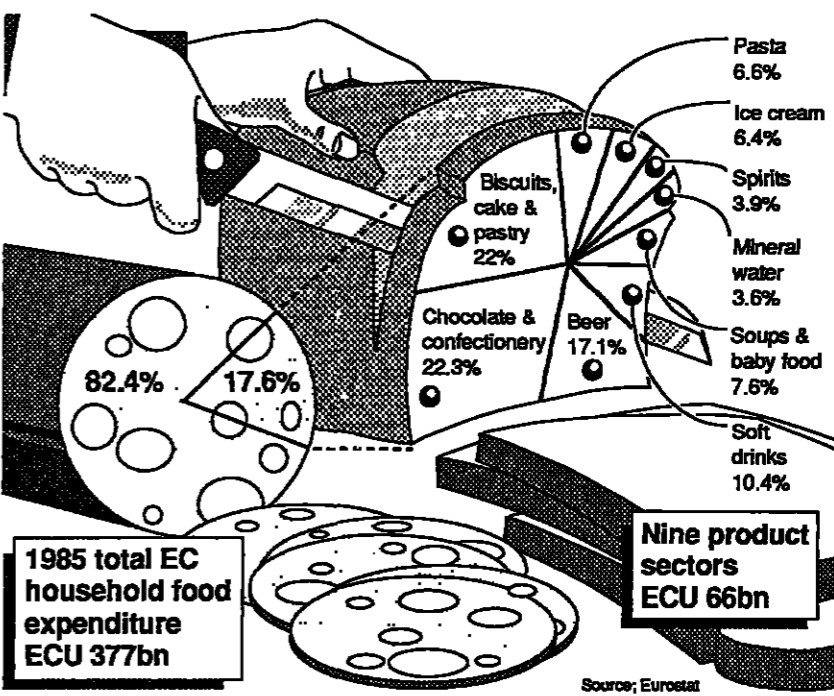
Last February the Community agreed to reduce agricultural spending to reduce agricultural growth (GNP) growth. "This is unlikely to be much more than 2 percent annually in the years ahead, which is a change from the 40 percent increase between 1985 and 1987," Mr. Wegter said. Moreover, Europe is shifting

from price support to "set-aside" subsidies on farm land allowed to lie fallow, and to "extensification" of production. This is Eurospeak for the opposite of intensifying output, and means farmers in sensitive areas are paid to produce less by cutting inputs of fertilizers and pesticides.

The move is intended to help reduce farm surpluses, price support spending and damage to the environment. At the same time, the idea is to keep Europe's farmers on the land and maintain a balance between urban and rural populations. The policy aims to combine market forces with social and ecological concerns, Mr. Wegter explained, but it also means perpetuating the gap between EC and world agricultural prices. "Although we aim to narrow the gap, EC prices will remain higher," he added.

He feels the Commission would prefer to leave the subsidy issue on the back burner. "It is regularly put to one side in the euphoria of 1992," he lamented. "The irony is that a number of trade barriers have been reintroduced as a result of the policy itself."

Barbara Casassus



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1992 The World's Rendezvous With Europe

Technology / The Farm of the Future

New Projects and Policies Planned for Biotechnology

In the world of tomorrow, lambs may need only sun and water to grow like plants. Live cows may be programmed to "manufacture" blood products for the pharmaceutical industry — painlessly, so they say. Tomatoes could survive in the Sahara and soy beans flourish on the Russian steppes. Slow-growing grasses will need little mowing. And pesticides may be banished, as scientists master the techniques of making crops resistant to disease as well as weather.

These and many more potentially dramatic changes are just part of the so-called Biotech Revolution, made possible since the discovery of recombinant DNA (gene splicing) techniques in 1973. The implications for agriculture are so vast that every corporation in the sector, every scientist

systems. With gene manipulation, it is now possible to retard storage in fresh food and scientists assure us that DNA probes can even determine whether food tastes good and how fresh it is, with no need to refer to human taste buds.

"ECLAIR and FLAIR are catalytic in nature but modest in relation to what is being spent in member states' national programs," says Mark Cantley, an EC official who heads up CURE (Concertation Unit for Biotechnology in Europe). "Most of the advanced labs in Europe," he continues, "tend to know their American opposite number but at the same time, because of fragmentation in Europe, language problems and habits, they may not even know the chap across the border. We will concentrate research on generic problems that are holding up the whole industry."

All the new biotech products are currently at the stage of field testing and are still a few years away from marketing. In fact, experts say there will be no revolution but a period of gradual change as traditional technologies slowly adapt to new processes.

The biotech breakthrough has stolen the limelight from other equally important high-tech developments in agriculture made possible by electronics, robotization and computers. Tractors now come equipped with on-board computers to control wheel spin and a dozen other functions; robotic apple pickers have microprocessors, video cameras and infra-red technology for night operation; cows can be milked by self-cleaning, electronically guided mobile equipment; and microcomputers are being installed on the farm for a whole host of reasons, from monitoring the reproductive cycles of pigs to helping farmers cope with their accounts.

A new software market has sprung up, specifically aimed at solving such problems. The Bull computer group of France reports that its sales of computers to farmers are moving ahead at 30-40 percent a year.

In the biotech field, rivalry is already intense between the world's major companies such as Monsanto and Du Pont from the United States, ICI from



Techniques such as phytotechnology allow scientists to monitor growth.

Britain, Rhône Poulenc and Sanofi from France, Switzerland's Ciba Geigy, and from West Germany, Bayer, Hoechst and BASF, all competing for a market estimated by the Japanese MITI to reach \$100 billion dollars by the year 2000. But in the United States, smaller high-tech groups are also securing an important piece of the action.

EC Vice President Karl Narjes from Germany and Frans Andriessen, his Dutch counterpart, are both convinced of the need to develop new outlets for European agriculture through biotechnology. They have provided the political muscle to push through ECLAIR and FLAIR, despite the presence of vociferous critics in Germany and Denmark, as well as the continuing crusade of America's Jeremy Rifkin, who has staged more than

100 conferences and meetings in eight countries in the past 18 months, all pointing up the potential dangers of tampering with genes, be they in humans, animals or plants.

"Most serious people recognize that many of the new techniques in food and agriculture are inherently less risky than the techniques they're replacing," says Mr. Cantley, but he admits that "we're conscious of a big public opinion problem in Germany." At the same time, he says reaction within the Bundestag is becoming more favorable. Research centers like the Max Planck Institute in Cologne have led the way in transplanting foreign DNA. Such experiments open up the possibility of large-scale production of corn, wheat and cereals resistant to drought, salt water or weed-killers, German legislation permitting.

However, the jury is still out on the wisdom of gene tampering, witness a recent U.S. report from the Office of Technology Assessment, attached to Congress. The authors identify "gaps in knowledge about ecological systems" and caution that continuing interdisciplinary programs are necessary to assess risk and establish risk management policies. In other words, we are unable to predict with total confidence what will happen when the lid comes off Pandora's Box. But as the president of Monsanto, Nicholas Reding, told the European Parliament in Strasbourg: "After 15 years of intense research and laboratory experiment... there have been no accidents, no incidents, no unwelcome surprises."

At Monsanto headquarters in Brussels, Pierre Longi, director of public affairs, reports that his company has conducted a series of public acceptability surveys in Europe which reveal vast distortions of opinion about biotechnology. Monsanto plays a leading role in explaining the biotech revolution in the United States and it has extended its public relations drive to Europe.

Opinion in Britain, which leads the world in animal embryo manipulation, is favorable, as it is in France, Belgium and Ireland. But Denmark passed a law in 1986, so strict that one of the two major insulin producers, Nordisk Gentofte, relocated its plant to Ireland. Several amendments have now been proposed by the Danish parliament to soften the brunt of the new legislation.

Through the auspices of the European Biotechnology Coordinating Group, multinationals are pushing for a more effective public policy to get their message across, and more precise regulations at the national level to prevent undue fears. They also want better protection for new discoveries to prevent a brain drain from Europe to the United States.

Brand new common EC rules for patents have been introduced to safeguard biotechnology inventions but they have run up against the European Patent Convention, which excludes the patenting of animal and plant varieties.

According to Mr. Cantley, the Commission has arrived at "a harmonized interpretation of some of the grey areas" and in combination with the Union for the Protection of Plant Varieties, a satisfactory solution has now been found to guarantee protection.

Carolyn Pfeiff

Washington / In Brief

Continuity

• A Bush Administration in Washington will mean "absolute continuity" in pressing America's trading partners for free trade, according to the U.S. ambassador to the European Community. That will mean a commitment to keeping pressure on Brussels to insure that the EC's emerging policies do not discriminate against U.S. interests in Europe as 1992 approaches. "The truth is we both have pretty open markets," Alfred H. Kingon told the Anglo-American Press Association in Paris on October 26. "I have discussed it with him [Republican presidential candidate George Bush] and while I cannot speak for the governor, [Democratic candidate Michael S. Dukakis] we remain firmly committed to supporting an integrated Europe," the envoy said. "We are concerned about increasing complaints from businessmen throughout Europe that 1992 is moving in a protectionist direction, notably in such areas as public procurement," he added.



EC Ambassador Alfred H. Kingon.

• Ambassador Kingon also indicated that the long-simmering trans-Atlantic dispute over Airbus is approaching a settlement. "The governments involved (the United States, West Germany, France, Britain and Spain) want it solved, as do the American and European suppliers to Airbus. Concessions have been made on both sides, and we expect a deal," the U.S. ambassador said. The main issue has been government subsidies to the European aerospace consortium, which, according to Washington, violate GATT trading rules.

DNA probes can predict the taste of food

In the field, is involved in massive research programs and test projects to come up with new plant varieties and new techniques.

Thanks to the generosity of the Common Agricultural Policy, and to support from EC-based banks and farmer groups, European agriculture looks poised to embark on a major modernization phase and a period of new investment.

The European Commission, under the auspices of the 1992 program, is awaiting approval for two separate projects, ECLAIR and FLAIR, designed to promote transnational collaboration in new research. ECLAIR (European Collaborative Linkage of Agriculture and Industry through Research) is budgeted at 80 million ECU (US\$68.3 million) over four years and should get final Council approval in December. FLAIR, worth 25 million ECU, should get the green light in mid-1989. The initials stand for Food-Linked Agro-Industrial Research and the program will focus on ways of improving quality, safety and nutrition in food products and food production

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1992 The World's Rendezvous With Europe

Finance / Dollars into Plowshares

Banking on Growth in The Agribusiness Sector

Agricultural banking in Europe used to revolve around the granting of government-subsidized loans to small farmers. Today major financial institutions provide backing for international agribusiness takeover bids, finance traders on world commodity markets and furnish seed capital for biotechnology food projects.

Players range from specialized institutions through general commercial banks to American investment houses. Credit Agricole in France and Rabobank in Holland are financial organizations with their roots implanted in rural soil, but a growing desire to branch out internationally. Japanese financiers such as Daiwa Securities, a major Tokyo investment house and

"We are likely to go on seeing large-scale consolidations of this type for about another five years," says Mr. Colker. "Kidder, Peabody can advise on restructuring, acquisitions and divestitures, as well as tapping the markets for finance or providing it ourselves." In addition, the group sometimes invests its own funds as equity capital in such ventures.

A number of commercial banks are also active in financing agribusiness. These include Citibank, Continental Illinois and Banque Nationale de Paris. Barclays in London provides 23 percent of domestic farming credits, currently totaling some £1.5 billion, and has a separate department for international agricultural business.

Large-scale acquisitions are expected for another 5 years

banking corporation, are also starting to take an interest in the agribusiness sector, while large insurance companies in Britain and the U.S. are happy to invest their spare cash in profitable greenhouses.

Despite their diverse backgrounds, these companies all face the same basic facts when they turn to the integrating markets of Europe. The continent is a changing landscape where farmers are trying to adjust to generally sinking prices, reduced subsidies and the tempting, but expensive, prospects of salvation through advanced technology. It is also part of a global system in which the prevailing appetites of major food and agrochemical companies are predominantly cannibalistic. One prominent example is the massive restructuring currently underway in the United States.

Richard Colker in London is managing director for Europe of the U.S. investment bank Kidder, Peabody. In late 1987 he piloted the biggest acquisition yet made abroad by an Italian company, Ferruzzi's \$600 million purchase of CPC International's European industrial products division, since renamed Cerestar. He is currently working on further deals for European and North American clients.



Harvests are bought and sold on world commodity markets long before they leave the ground.

FLAVIO ROTTER

international trade department. "We would also like to get into 'hard' commodities like minerals and oil, since major traders characteristically deal with both."

One 1987 deal covered the sale of 400,000 tons of wheat to Brazil. The suppliers were based in several European countries, and Crédit Agricole financed three quarters of the total through buyer credits. "Even though government subsidies were not available, we were able to offer the Brazilians the same low rates they could have obtained from U.S. suppliers," Mr. Bonifassi explains. "We did this by coming to an agreement over the rate differential with our trader customer."

Many American lenders pulled back

from commodities financing when the debt crisis hit third-world countries in the early 1980s. Mr. Bonifassi believes there are still profits to be made in this sector, provided banks evaluate the risks properly. Crédit Agricole has ambitious long-term plans to increase international operations from 16 percent of its activities currently to 50 percent.

"With the further opening of European markets from 1992, we believe financing agribusiness has a promising future," comments Jan Dost of Rabobank in Utrecht. The bank started life 100 years ago as a cooperative for lending to farmers. Today, some 26 percent of its domestic activity is still in the agricultural sector, while 34

percent goes to general business finance and 40 percent to home loans.

"We started moving abroad at the beginning of the 1980s," Mr. Dost specifies. "Our policy is to establish a presence in major ports and at other important crossroads for international trade in agricultural products."

Recently, the bank set up a venture fund of 30 million guilders to encourage biotechnology research, and it has equity holdings in several Dutch companies active in this field. Officials expect this so-far modest investment will yield substantial fruit in coming years as further commercial applications for biotechnology are developed.

Michael Rowe

Business News / Update

Investment

• Although investments by South Korea in Western Europe remain modest compared to those in the United States, the pace is picking up rapidly, notably in trading and manufacturing. According to a recent study by the Euro-Asia Centre at the INSEAD business school in Fontainebleau, France, the annual flow of Korean investments has risen to \$200 million, from a negligible amount a decade ago. Western Europe now accounts for about 3 percent of the total, just ahead of Latin America, and is growing. A survey of Korean investors published by the Centre showed that just over 51 percent were seeking to expand markets, while nearly 20 percent said they were attempting to overcome trade barriers. The largest Korean investments cited included Samsung in Portugal and Britain, Saneam Media in Ireland, Sangyong in Britain, Daewoo in Antwerp and Goldstar in West Germany.

• Western Europe's telecommunications industry is expected to grow to annual turnover of about \$105 billion in 1992 from \$87 billion last year, according to recent forecasts of Dataquest, the London-based consulting group. That growth of roughly 9 percent, is nearly double that expected in the United States during the same period.

• Should the EC establish a European Drug Agency? The European Consumers Union in Brussels has responded to that question recently raised by the EC Commission, seeking an "intermediate" approach between what it terms "the extremes of mutual recognition and a centralized Community system for all drugs." In its response, the BEUC said that in light of 1992, "consumers do not want barriers removed on this basis, because mutual recognition raises the danger of the highest standards being undermined both in terms of the quality and the quantity of drugs available on the markets of those countries which have a more rigorous and rational policy than their neighbors." In its conclusion, the BEUC, representing consumer groups in member states, said it would favor establishment of a European Drug Agency that would specialize in high-biotechnological drugs.

About S&Ls, Bush?

Chart Rowen
GEON — The most dramatic economic event of the next U.S. presidential campaign will be the crisis in the S&L industry. A potential \$50 billion taxpayer bailout... makes a hollow job of prosperity... Michael Dukakis... presidential candidate... and accurately what... have to happen... administration allowed... the business of... and into risky... they relaxed the... to protect depositors...
...prospect of... market collapse... by a resurgence of... corporate takeover... the purchasers... collateral of... economy by selling... bonds... Come the... companies will... to go under... the biggest... country leveraged... the 1980s, because... part of the economy... of debt... Robert... Wall Street Journal... a series of S&L... crash, corporate... could happen because... more and more... their own devices... the magic banner... administration, the... for almost all... the manager... campaign, found... the look over the... Regan that it was... the international... of the speculative... exchange markets... Baker did not apply... to domestic financial... its overcommitment... the Reagan administration...
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...deregulation... force? Performance... the beyond... of the lines between... financial institutions... insurance, real estate... companies. The... as Henry Kissinger... it induces speculation... S&Ls and banks... to money... other new, deregulate... that paid higher... was induced in 1980... Depository Institution... Act. The... on interest... were gone. S&L... restricted to... could move... Federal insurance... 000 per savings... need for prudence... crisis campaign... Vice President Bush... Reagan task force... from 1982 to 1984... savings and loan... thrift collapses... even then. And... sign pretends that... to worry... soon after the... stock market collapse... 87, Wall Street has... jitters following the... over by Philip Morris... That huge deal... a flood of new junk... will pile new... already big mountain... with the S&L crisis... should be given to... ceilings, and to... \$100,000 insurance... banks and S&Ls. Mr... light to be sympathetic... of Paul Volcker, the... on, that corporate... bonds be required to... collateral. A more... it, suggested by his... freestanding, would be... limit — or ban — on... ty of interest on... insurance takeover... tion line is that a... ted at America's... to deregulated markets... Washington Post

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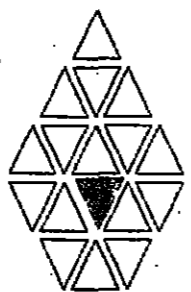
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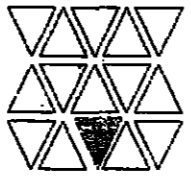
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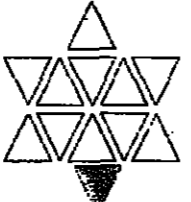
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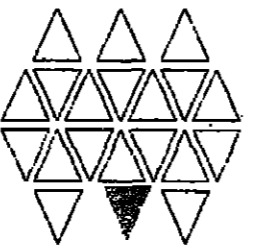
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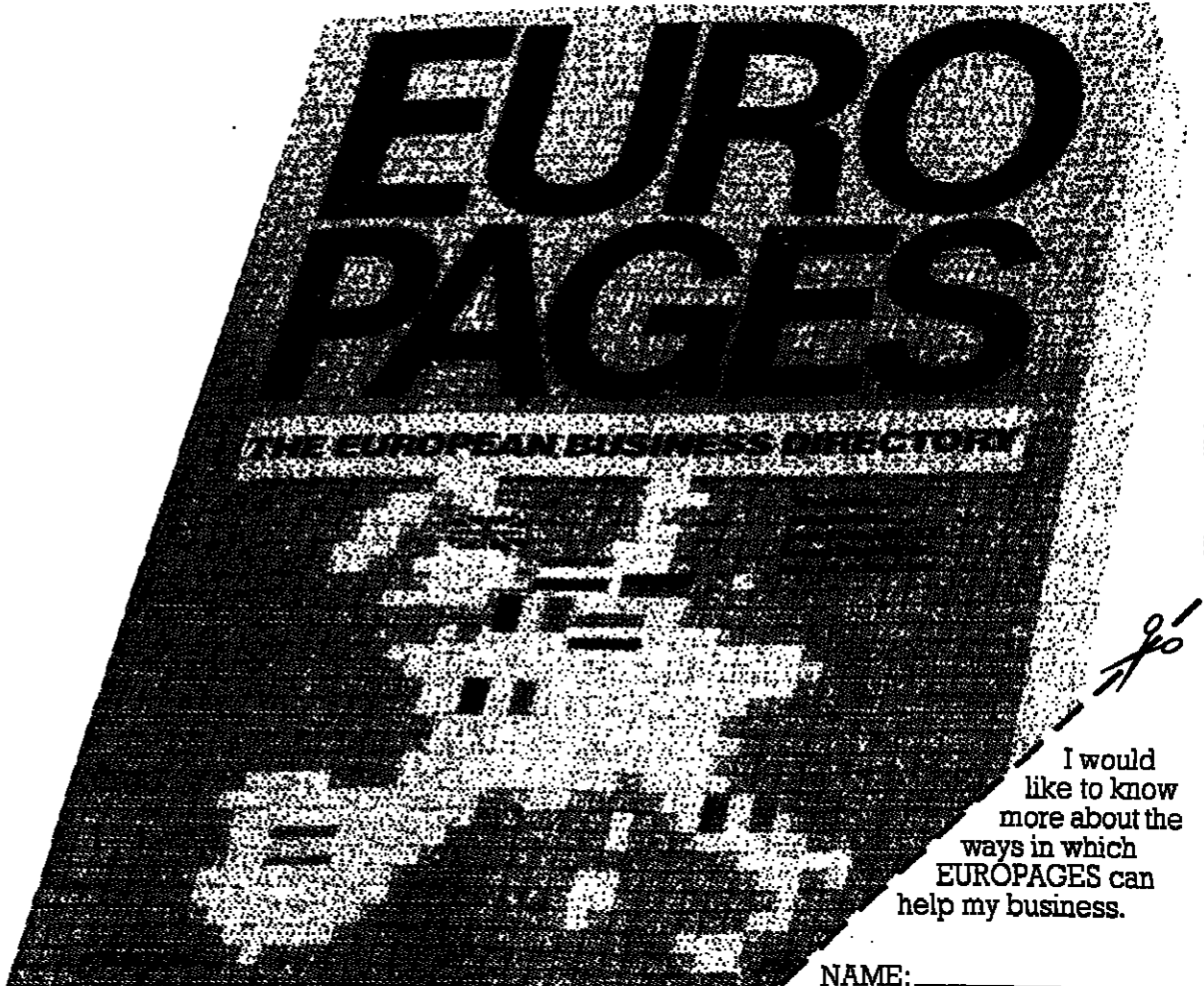
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1992 The World's Rendezvous With Europe

Takeovers / Europe's Shopping Spree

Mergers and Acquisitions Stir Up the Food Industry

When it comes to food and drink, you can forget about a no-frontiers Europe: the English will put HP sauce on their fish and chips, the perfect après-dinner touch in Paris is a cognac, and when in Rome—*mama mia*, bring on the spaghetti.

Consumer traditions may not be quick to change, but a funny thing is happening on the way to 1992—the French are making the HP, Martell has gone Canadian and mama's Buitoni pasta is suddenly Swiss.

The European food industry is ripe for consolidation, a fact taken advantage of in recent months by multinationals, with the result that "national" brands' boundaries are becoming blurred. Major mergers and acquisitions

in 1988 have included Swiss Nestlé's purchase of Rowntree, Italian Ferruzzi's buyout of French vegetable oils company Lesieur, and several takeovers by American companies. The newly proposed Philip Morris-General Foods-Kraft link would create a company larger than Unilever, one of the world's biggest.

The prospect of a truly European market—now fragmented by non-tariff barriers—opening up by 1992 is giving added impetus to the consolidation trend. European Community companies are the target, but non-EC companies are most often the buyers. The MAC Group, a management consulting firm asked by the European Commission to study European agribusiness companies' ability to deal with a more competitive market, concluded that the winners may well not be European.

A record 163 alliances were concluded last year

From 1976-86, there were more than 100 mergers valued at \$50 million or more, but the tempo is quickening, according to the MAC report, with nine acquisitions of more than \$1 billion from 1984-86. American companies have led the way, while European industry—with the notable ex-

ception of the Swiss—has remained divided and nationalistic. The Swiss have simply continued their policies of growing by going abroad because their home market is too small. In the United States, the drive has been two-pronged: companies have aimed for fewer products while ensuring that those few were market leaders, and have at the same time sought wide geographic coverage. European companies have tended to stay in their home markets where they have sold a wide range of products.

Historical reasons have until now discouraged moves abroad, with cultural and language differences as well as government protection of domestic markets acting as disincentives. That is starting to change. Nestlé started the industry in 1985 with its purchase of Carnation in the United States, paying more for this move than had been paid for any other acquisition outside the oil industry. Other European companies began to move,



"I could almost say we were forced to do this," Helmut Maucher, managing director of Nestlé.

most often shopping for companies in neighboring countries. Italy's Ferruzzi started buying and last year stated that it was interested in "geographic expansion." France's BSN three years ago was ranked number 40

worldwide in size by sales but has quickly moved up, thanks to a series of acquisitions. European agribusiness in 1987 saw a record 163 takeovers, mergers and joint ventures; in Britain the pace had so quickened that there were more buyouts than in the City of London when the financial industry was in turmoil from the Big Bang. In the first four months of this year, British companies alone spent some £5.85 billion acquiring seven European food companies.

There are several reasons for the change. In many cases, cheap stocks and expensive loans made it easier to buy a good brand than to create one—although the flurry of activity in the past three years is resulting in a shortage of suitable brand names, hence the inflated prices paid for such well-known labels as Martell, Buitoni, Rowntree, Cote d'Or. More importantly, as competitors begin to expand, companies often have no choice but to grow themselves, to stay in the game. Nestlé's executive, Helmut Maucher, explained his company's bid for Rowntree following a bid by Suchard last spring by saying: "If this company were in the hands of our main competitor, you could imagine what that would mean for us. I could almost say we were forced to do this."

For smaller companies operating in their home markets, the threat of large, well-funded multinationals providing new competition is an incentive to expand. There is room for growth: the MAC study looked at 46 EC-based companies and found that half were present in only one or two countries. Additional pressure is being put on the food industry by changes in other industries. Tobacco companies, for example, have been forced to expand into other sectors as their traditional markets in North America and Europe have stagnated. Agribusiness has been a popular new area for them, with RJ Reynolds buying Nabisco and Philip Morris buying General Foods in 1985.

European Community companies are in a weak position to expand as they should in Europe, suggests the MAC report. The world's top ten food corporations include three British and one Dutch company, but the rest are American or Swiss. The French, who consider their food industry part of their national heritage, have only six companies in the world's first 120, and

Major European Acquisitions

| Year | Company name | Company acquired | Sector | Price (\$ millions) |
|------|----------------------|----------------------------|-------------------|---------------------|
| 1986 | BSN (F) | Genérale Biscuit (F) | Biscuits | 350 |
| 1986 | Guinness (UK) | Distillers (UK) | Spirits | 4000 |
| 1986 | Allied Lyons (UK) | Hilbert Walker (Can) | Spirits | 400 |
| 1986 | Edeco (ITA) | Courage's (UK) | Beer | 2050 |
| 1987 | Fildesdown Holdings | Maple Leaf Mills | Flour | 300 |
| 1987 | Sara Lee (US) | Alzo Consumer products (H) | Consumer products | 600 |
| 1987 | Cadbury (UK) | Fouleau (F) | Chocolate | 150 |
| 1987 | Jacobs-Suchard (S) | Cole (F)(S) | Chocolate | 150 |
| 1988 | Saatchi (Can) | Martell (F) | Spirits | 950 |
| 1988 | United Biscuits (UK) | Fine Young (UK) | Grocery | 600 |
| 1988 | Nestlé (S) | Buitoni (I) | Grocery | 300 |
| 1988 | Campbell Soup (US) | Freshbake Foods (UK) | Frozen meals | 200 |
| 1988 | Nestlé (S) | Rowntree (UK) | Chocolate | 4580 |

Source: Group MAC

the Germans are even less well represented. In two key areas, geographic coverage and leading brands, says MAC, EC companies lag far behind. The Swiss are on average present in 75 percent of the European market and Americans 55 percent. By contrast, companies based in the EC cover on average only 45 percent of the market and they own 55 percent of Europe's leading brands.

EC companies are weak in another key area: research. The entire French food industry spends slightly less on research than one Swiss company, Nestlé, despite combined sales four times as great. And Nestlé is growing at a faster pace. The purchase this summer of Rowntree and Buitoni gives Nestlé's sales a boost of SF5.8 billion; the company estimates that sales in 1988 will rise from SF35 billion to 40 billion (\$52-60 billion).

Does this mean that European companies are doomed? Industry observers caution that the gloomy picture drawn by the MAC report must be viewed as only one part of a complex picture. Says one analyst: "At a simplistic level, the Americans and Swiss

have a lot more money, but many of them have found to their expense that a European market is not like a U.S. market even when it is combined. You have to look at this almost company by company, in selling to the big retailing chains, for example, there is absolutely no proof that being European in size is an advantage. Take mushroom growing and packing—the best you can hope for is to cover two countries. If you try to go European or international, it's just mindless; it won't work. A lot of European companies right now need to master their domestic markets and they are doing this. You have to remember that the United States has had 200 years of being a fairly homogeneous society, but in Europe we will probably still have to do a lot of things country by country even in the year 2002."

A handful of companies are determinedly moving from national to European strategies but not without problems. Nationalistic fears have provoked investigations by monopolies commissions. The Nestlé-Rowntree acquisition was hotly contested in Britain, only to have the approved pur-

chase challenged by the French, who claimed they had to protect their national heritage. Food does in fact play an all-important role in French industry; it is the largest industrial sector and the second largest exporter (after aeronautics). Companies tend to be small, however, with 95 percent of them employing fewer than 500 persons. Financially, joint ventures are often fraught with problems and companies sometimes find, as in the case of Lesieur's French owners, Saint Louis, that it is easier to go the acquisition route (a joint venture with a Dutch company was scrapped in favor of selling to Ferruzzi).

It is too early, say analysts, to judge the success of the current crop of mergers and acquisitions; the agribusiness industry is in such a state of flux that no one is willing even to offer an up-to-date roster of industry leaders—it could change by tomorrow. What is clear is that while the buying spree is on, the number of good small companies is likely to shrink—either because they are being bought out, or forced to grow.

Ellen Wallace

Protectionism / Beyond Legislation

Foreign Beer Is Still Not Flowing in Germany

German beer drinkers' sensitive taste buds and a deep-rooted conviction that "pure" beer is healthier have effectively defeated the European Court's attempt to do away with one of many non-tariff trade barriers that hamper the free flow of goods and services in the European Community.

One and a half years after the court ruling, Germany still does not import a single foreign brew that violates the

it into a health and quality standard. Frithjof Wahl, the assistant director of the German Hotel and Restaurant Federation, says the brewers' aggressive advertising strategy has frightened foreign brewers off: "Foreign brewers who make beer that does not comply with the Reinheitsgebot never even tried to enter the German market after the legal barrier was removed. They figured they wouldn't stand a chance."

Restaurants, bars and supermarkets have also done their share to help German brewers keep unwanted foreign competitors away from Europe's thirstiest beer drinkers.

Restaurants and bars in Germany only serve "pure" beer, Wahl says: "I don't know of a simple place in the country that sells foreign beer with additives."

And Coop, one of Germany's largest supermarket chains, announced after the court ruling that it would continue to sell only "pure" beer. One and a half years after the ruling, the supermarket chain still stands by its

promise, spokesman Armin Peter says.

In view of this concerted effort it is hardly surprising that foreign brewers of "impure" beers have not reaped any benefits from the court ruling.

"There are many foreign brewers who would like to get into Germany now that the Reinheitsgebot no longer holds. After all, Germans are the biggest beer consumers in Europe," says Hans-Joachim Schmied, who owns a beer importing company near Stuttgart. Agreeing that the German brewers' aggressive defense strategy is largely responsible for keeping the German market closed to many foreign competitors, he also points out that the German government has so far failed to specify which additives must be declared on other brewers' bottles and cans.

Under the European Court ruling, Germany is allowed to require that additives be listed. "The way it stands now, foreign brewers who do not obey the Reinheitsgebot can only export their beers to Germany if they list every single additive," says

Mr. Schmied. "But who wants to go through that much trouble?"

Mr. Schmied says the resultant extra costs are only worth it for the brewers if they can expect to sell a certain quantity. But it appears most foreign brewers who do not go by the Reinheitsgebot fear they will not be able to conquer a big enough share of the German market to make it worth their while.

"The Reinheitsgebot is a quality guarantee," claims Peter Stille, managing director of the German Brewers' Federation. "The Germans have clearly indicated their preference for pure beer."

Other European exporters have been forced to recognize the fact. But, they point out, the German market has traditionally been controlled by a large number of small and medium-sized companies, 90 percent of which sell their beer within a 50 kilometer radius of the brewery. Small wonder, then, that they have emerged as the arbiters of taste in such a fragmented, regional market.

Sabine Krueger The pure thing: Munich's Oktoberfest.

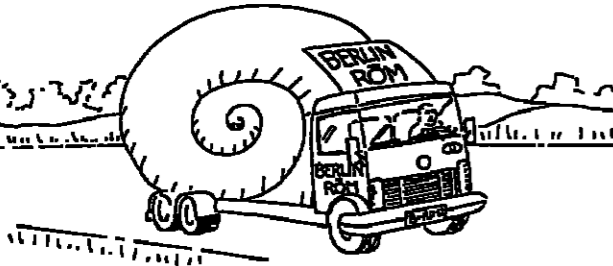
The market has remained pure despite the ruling

Reinheitsgebot promulgated by Duke William of Bavaria in 1516. Under the law, which limited the content of German beer to water, hops, malted barley and yeast, adjuncts such as sugar, wheat, rice or unmalted barley were banned.

The fact that the German beer market has remained "pure" despite the court ruling is largely the result of a smart advertising campaign by the country's brewers, who used the public row over the Reinheitsgebot to turn

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Integration / The Countdown Continues

Winners and Losers Emerge as Moves Gather Momentum

West Germany has the most to gain, and the United States will wind up losing from the opening and integration of EC markets, according to a survey of European business leaders published by France's daily Le Monde on October 15. Other winners cited in descending order were Spain, France, Italy, Britain, Benelux, Portugal and Greece. After the United States, the following countries were cited as losing: Turkey and North Africa, Southeast Asia and Japan. Asked which economic sectors would benefit most, the leaders interviewed by the French SOPRES polling group ranked banking and insurance at the top of the

list, followed by transportation and tourism, communications, distribution, consulting and information technology. By contrast, agribusiness was ranked highest for being "menaced" by 1992, primarily because of increasing merger and acquisition activities.

Other conclusions from the survey: France continues to rank highest among its EC partners for optimism with the approach of 1992. In France, 14 percent of those interviewed said they were "very optimistic," followed by Spain, (13 percent) Britain (11 percent) Benelux, (10 percent) Italy (3 percent) and West Germany (2 percent). Secondly, tax harmonization ranks highest among priority actions for the EC, with the notable exception of those interviewed in Britain. In descending order, the other priorities cited included a common European currency, common norms for industrial products, freer movement of capital, truly European companies and a common European statute. Finally, France ranked lowest on the controversial is-

sue of opening public procurement markets to outside bidding. Of business leaders interviewed in France, only 6 percent said they considered procurement a priority, compared to 38 percent in Britain, 20 percent in Germany, 10 percent in Spain and 9 percent in Italy.

Renault Automation of France and Spain's De-bako group signed an agreement in Bilbao last month aimed at expanding each of their product lines in manufacturing automation, primarily in each other's home markets. The Renault affiliate of the State-owned auto group, with annual sales of about 1.5 billion francs, is already one of Europe's leading robotics firms, and plans to expand in Spain as EC barriers in the automobile industry are removed. De-bako, which is part of the Caja Laboral Popular group of workers' cooperatives with sales of 10 billion francs, last year reported sales of 375 million francs, and is seeking to expand in France.

European Business Channel, the latest newcomer to European com-

mmercial television, announced that later this month it plans to beam daily economic and business news to European viewers via cable and satellite facilities from its headquarters in Zurich. EBC, which is jointly owned by a group of Swiss publishers and European business interests, was scheduled to begin broadcasting its news program on Sky Channel in Britain on November 3, and starting January 1 on RTL Plus, a privately owned West German commercial television network.

In conciliatory terms, Jacques Delors, president of the EC Commission, has emphasized that his plans for "a social dimension" to the 1992 program remain "flexible and voluntary." In speeches and interviews during the past several weeks, Mr. Delors has sought to reassure business leaders in Europe and Britain's Prime Minister Margaret Thatcher that the EC Commission is not seeking to impose greater power for unions on management. The legal form for a European company statute containing the participation scheme proposals

would not only be voluntary, Mr. Delors said last week, but he proposed several models, including alternative plans now working in Germany, Scandinavia, France, Italy and Benelux: "It is for businesses to decide for themselves what formula they want."

President François Mitterrand of France and his defense minister, Jean-Pierre Chevènement, last month urged the speeding up of plans to establish a European defense industry, but both conceded that progress would be difficult. "We are advancing only slowly toward European

unity in armaments," President Mitterrand said, citing cooperative efforts between France and West Germany to develop a new generation of attack helicopters. He also noted that four European countries were developing a new-generation fighter aircraft for the 1990s, while France, which withdrew from the project, is proceeding with plans to develop a competing jet fighter, the Rafale. "I would like to see a cooperative solution for Europe in defense, but I do not underestimate the difficulties we will face," the president told the Institute of National Defense Studies.

Barbara Casassus is a Paris-based free-lance writer. Timothy Harper is a London-based American journalist and lawyer. Axel Krause, IHT corporate editor, is supervising the 1992 series. Sabine Krueger is a correspondent for McCraw-Hill in Bonn. Carolyn Pfaff is a Paris-based economic writer. Michael Rowe is a Paris-based financial and business writer. Ellen Wallace is a financial and business writer based in Switzerland.

مكتبة الامم المتحدة

AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

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Ellen Wallace



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Table with columns: Company Name, Revenue, Profit, Loss, etc. for various companies like Allen, Cabot, CNW, Emerson Electric, Continental Corp, Castle & Cooke, Beneficial, Coors (Adolph), Homestead Financial, etc.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) Nov. 3, 1988

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Large table listing various international funds such as ALM GROUP, AMERICO TRADED CURRENCY FUND, AMERICO TRADED CURRENCY FUND, AMERICO TRADED CURRENCY FUND, etc. with columns for fund name, share price, and other details.

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BOOK BRIEFS

THE HIGH ROAD. By Edna O'Brien. Weidenfeld & Nicolson, 91 Chiswick High Street, London SW4 7PA; and Farrar, Straus & Giroux, 175 Union Square West, New York, N.Y. 10003.

That the prose of Edna O'Brien is among the glories of the contemporary world is beyond dispute, but the prose is considerably more glorious when it also makes sense. This, throughout much of "The High Road," O'Brien's first novel in more than a decade, it most adamantly refuses to do.

At its center, to the extent that it has one, is a woman of indeterminate age named Anna. A resident of London, she has now established somewhere on the Mediterranean.

It's the setting for an Antonioni movie, and for much of its erratic course "The High Road" reads like the script for one: Anna wanders moodily and melodramatically through the beautiful landscape, one redolent of sublimated erotic urges and intoxicating memories of lost loves.

It's the right place for Anna, who is in the throes of recovery — as O'Brien's women so often are — from a burned-out love affair. "As with many a thing," she recalls, "we had embarked on it lightly, but it caught fire, escalated, went too far, to the marrow, rekindled hopes, sparked off desires, hurled even as it satiated, creating fresh hungers and fresh fears. Its end dribbled on, and that consumed my middle years like a terrible wasting sickness, so that I often wished to be quite old, thinking by then it would have failed completely, without a trace. Then again I wished for vengeance, retribution, which I gave vent to only in dreams."

There are enough bright moments in it to reward O'Brien's most devoted followers, but few other readers are likely to take any pleasure in trying to make connections between characters that O'Brien herself never makes. (Jonathan Yardley, WP)

volume, "We Irish" and "Reading America."

In his preface, he says he can see no sign that national traditions in literature are coming to an end, while the dust jacket promises us the view of an Irishman who is very much not an Englishman, but for whom "the British literary canon" is an essential part of his patrimony.

The relationship between English literature and other literatures in English raises some complicated questions. The relationship between British English and other varieties of the English language raises a different set of questions; but clearly the two topics are connected.

This is not the book Donoghue has written, however. It turns out that "England, Their England" is a fairly orthodox, fairly miscellaneous gathering of literary studies.

(John Gross, NYT)

ARE YOU LISTENING RABBI LOW. By J.P. Donaghy. The Atlantic Monthly Press, 19 Union Square West, New York, N.Y. 10003.

Since his first novel, "The Ginger Man," appeared to huge success in the 1950s, J.P. Donaghy has made a career out of creating picaresque heroes and relating their bawdy adventures. Critics have described his language as Joycean, his comedy as reminiscent of Wodehouse and Waugh. To this reader, however, his writing, so reliant on verbal and physical puns and nasty put-downs, has always seemed to have more in common with that of Kingsley Amis (on a bad day) or Peter DeVries (on a good day).

Unfortunately, "Are You Listening Rabbi Low," his first novel in five years, marks a new low on Donaghy's part: The raw energy and linguistic virtuosity that animated his earlier work have given way to an endless succession of tired sketches, and the humor, directed primarily at women and Jews this time, has taken on a disturbing and mean-spirited edge.

The hero of "Are You Listening Rabbi Low" is one Franz Sigmund "Isadorable" Schultz, an American-born theatrical producer who made a previous appearance in "Schultz" (1979). Like so many of the author's protagonists, Schultz is obsessed with money and sex, and these two obsessions are constantly getting him into trouble.

His portrait of Schultz plays on derogatory stereotypes, and his narrative — in which Schultz frequently addresses relative named Rabbi Low — is riddled with disparaging references to Jewish history and tradition. "Are You Listening Rabbi Low" is an offensive, unnecessary book. (Michiko Kakutani, NYT)

MERCEDES AND THE HOUSE OF RAINBOWS. By Alan Jolis. Pegasus Press, 1239 Avenue of the Americas, New York, N.Y. 10020.

This is a first novel, and one about coming of age. But Alan Jolis is fully in control of his characters, and "Mercedes" is a funny, wild ride through the Paris of the 1960s and '70s, through the eyes of a precocious boy in love and eventually in just with his attaching and crazy Gypsy nanny.

Jolis manages to tell us a fairly unbelievable story fairly believably, with a cast of characters that ranges from Kim Novak to a former member of the Spanish Resistance to an unusual Jesuit priest to some big-hearted streetwalkers, and the book leaves the reader in fine humor. (Katherine Knorr)

ENGLAND, THEIR ENGLAND: Commentaries on English Language and Literature. By Denis Donoghue. Alfred A. Knopf, 201 East 50th Street, New York, N.Y. 10022.

First there was "England, My England," a much-quoted phrase from a patriotic late Victorian poem by W.E. Henley. Then there was "England: Your England," an essay in social criticism by George Orwell. And now we have "England, Their England," a collection of "commentaries" on English language and literature by Denis Donoghue.

Donoghue's book is a companion

World Stock Markets

Via Agence France Presse Closing prices in local currencies, Nov. 3

Table with multiple columns showing stock market data for various regions: Amsterdam, London, Frankfurt, Zurich, Sydney, Toronto, and San Paulo. Includes indices and closing prices for various stocks.

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ACROSS crossword puzzle grid with clues: 1 Arctic attire, 6 Corn porridge, 10 '—' homol', 14 Pertaining to space, 15 Entreaty, 16 Food fish, 17 Italian island, 18 Kind of department at a hospital, 20 Mystical word, 21 Trygve U. N. lame, 23 Ancient highway, 24 After screen, 26 Smart, 28 Wandering, 31 Retirement prog, 32 Knight's tunic, 33 Conflection, 37 Chum, 38 Scolding, 40 Sound perception, 41 Follow, 43 Defeats badly, 44 Type of lettuce, 45 A Redgrave, 47 Valley, 48 Chides, 51 Francis Marion surprise, 53 Palindromic preposition, 54 Comfort, 59 Dissolute person, 61 Actress Berger, 62 Holes-in-one, 63 Bacchanalian cry, 64 Killer whales, 65 Nathan Hale's alma mater, 66 Residue, 67 Ashbery and Nemerov, DOWN: 1 Spotted cavy, 2 A sheik, e g, 3 Hostile lit-for-fat actions, 4 Form of self-defense, 5 Famous eatery owner, 6 W W I plane, 7 Robert or Alan of films, 8 Resembling a thin tissue, 9 Married, 10 'Dulce et decorum', 11 Toddler, 12 Longavallio husband, 13 Rims, 19 Duties, 21 'L.A. Law' attorney, 25 Old French coin, 26 Clean, 27 Where Meshed is, 29 Heavy, 30 Philippine tribesmen, 32 — Amiles, 34 Turpitude, 35 British prison, 36 Gaelic, 39 Japanese city, 42 Mexican grape, 46 Ticker, 47 Pesos, 48 'Stop!' to Captain Bligh, 49 Heath, 50 Wal Tyler was one, 52 Famed political columnist, 55 A son of Seth, 56 Pedal, 57 Photocopy, for short, 58 Fresh talk, 60 Suffix with Slarm.

WEATHER table showing high and low temperatures for various cities in Europe, Asia, North America, Africa, Latin America, and Oceania.

FRIDAY'S FORECAST - CHARNELL: Snow, FRANKFURT: Fair, Temp. 4-8 (4-2); LONDON: Partly, Temp. 10-14 (10-14); MADRID: Cloudy, Temp. 11 (11-14); NEW YORK: Partly, Temp. 40-50 (40-50); PHOENIX: Partly, Temp. 60-70 (60-70); PORTLAND: Partly, Temp. 40-50 (40-50); SAN FRANCISCO: Partly, Temp. 50-60 (50-60); SEATTLE: Partly, Temp. 40-50 (40-50); TAMPA: Partly, Temp. 70-80 (70-80); WASHINGTON: Partly, Temp. 40-50 (40-50).

The Daily Source for International Investors. Market Closed in Tokyo was closed Thursday for a holiday.

DENNIS THE MENACE comic strip panel showing Dennis and Gidget talking.

JUMBLE word game with a grid and words: FOREY, NADAP, YULIBS, BELMAG. Includes instructions and an answer key.

PEANUTS comic strip panel with characters saying: 'SURE THAT'S RIGHT! JUST WALK OUT OF THE ROOM!', 'YOU KNOW WHAT YOUR TROUBLE IS?', 'YOU CAN'T TAKE DESTRUCTIVE CRITICISM!'.

BLONDIE comic strip panel with Blondie saying: 'THE RAIN IS JUST AWFUL', 'YES, I KNOW', 'OH, CORA, WHAT A NIGHT! I'M SHAMING YOU', 'I'LL COOK FOR JULIUS AT HOME', 'IT'S NOT THAT HARD', 'ZOO!'.

BEETLE BAILEY comic strip panel with Beetle Bailey saying: 'I DON'T AGREE, EITHER', 'ME, EITHER', 'THIS COMMITTEE IS DISMISSED!', 'WORK, WORKER', 'NOW THEN, LET'S TRY AGAIN'.

DOONESBURY comic strip panel with characters in an office setting.

ANDY CAPP comic strip panel with Andy saying: 'I'LL JUST TAKE A COUPLE OF DAYS OFF. I WON'T MISS IT', 'GET YOUR HANDS OFF MY SHOULDER, TINI!', 'DON'T BE MEAN! I CAN'T TAKE IT WITH YOU, YANKEY', 'YOU'RE NOT TAKING IT WITH YOU, EITHER, MATE!'.

WIZARD OF ID comic strip panel with characters talking about low-income housing.

Solution to Previous Puzzle grid with words: POOF, SCARF, OUIP, ENDO, TACHO, UNTO, ACER, ESTER, AILS, VERTLETHETURTLE, UELLE, RST, ARENAS, OPEC, BAN, COLAS, DAIS, MARE, HASTEMAKESWASTE, ERIE, OVER, ACTED, SSE, EDEN, LIKELY, ALE, DATE, DENNISTHEMENACE, ELON, TRIBE, ZION, JUNE, LEYS, INAT, ALEX, YEAST, EYTE.

REX MORGAN comic strip panel with Rex saying: 'PLEASE - YOU CAN'T PARK WHERE YOU ARE! YOU'RE BLOCKING THE TRAFFIC!', 'IF YOU DON'T STOP FOLLOWING ME, I'LL CALL A COP.', 'DR. MORGAN? JUST THE MAN I WANT TO SEE! I'VE COME TO PICK UP JEFFREY! DID YOU CURE HIM?', 'HELLO, MISS VALETTE!'.

GARFIELD comic strip panel with Garfield saying: 'I LIKE IT I'M HOME ALONE', 'THE ENTIRE HOUSE IS MINE', 'AND THIS IS MINE, AND THIS IS MINE, AND THIS IS MINE.'.

ARABIC text: صك:امن الأصل

SPORTS

Has Winning Become Everything, Even at the Age of 12?

VANTAGE POINT/Tony Kornheiser

WASHINGTON — Scandal is nothing new to the sports page. Anyone who reads them regularly learns about drug abuse, ticket scalping, illegal re-

The B-CC team played four games, winning three and tying one. Fortunately, said the league coordinator, James Wiltshire, B-CC's opponents suffered "no serious injuries, thank God."

But this is the first boxing event designed primarily for pay per view. Trainer said, "In previous fights, closed circuit was the cake, foreign TV the icing and pay per view the cherry on the top. Now, pay per view is the cake, foreign TV the icing and closed circuit the cherry."

er knew of the alleged forfeit arrangement. "Some did, some didn't," he said, conceding, "We kept it from them."

cheater." After the plot was unmasked the coaches apologized for using overweight, average players.

thing. Nothing will stop me from continuing to do it. When I wake up in the morning, I'm the coach."

Visitors... would be allowed to the families who were made a year after to the mainland.

25 Years... was given a 25-year killing an American during the 1983

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Samaranch Asks Wider Drug Fight

LAUSANNE, Switzerland — Drug use in sports is decreasing but officials need government help to win the battle against doping, the president of the International Olympic Committee said Thursday.

Kim Un Yong, an IOC member from South Korea, noted that anabolic steroids and blood doping — "two of the most important parts of sports medicine" — were on the agenda for discussion at the three-day meeting.

Kim also said he hoped the federations would agree at the meeting to adopt uniform programs for drug testing and punishment. He wants it modeled after an IOC proposal that would impose two-year bans for first offenses and lifetime disqualifications for two-time users in virtually all cases.

The federations "will take a stand, positively I hope, on harmonization of doping measures," he said.

Another speaker, Dr. Moira O'Brien of Ireland, said team doctors must stress the dangers of doping to athletes and coaches. O'Brien, a professor of anatomy at Trinity College in Dublin, has a long history of work in sports.



WRONG, RIGHT — Ferdinand and Andrea Oberniedermayer of Munich had snow halt their golf in Davos, Switzerland. But in Sydney, Nigel Mansell wore shorts Thursday as he helped Greg Norman practice for the Australian PGA. The Briton is driving in next week's Grand Prix race in Adelaide.



WRONG, RIGHT — Ferdinand and Andrea Oberniedermayer of Munich had snow halt their golf in Davos, Switzerland. But in Sydney, Nigel Mansell wore shorts Thursday as he helped Greg Norman practice for the Australian PGA. The Briton is driving in next week's Grand Prix race in Adelaide.

Leonard-Lalonde: No Matter Who Loses the Bout, Both Win

By William Gildea Washington Post Service LAS VEGAS — The Sugar Ray Leonard-Donny Lalonde bout shoves up as a mismatch in the ring Monday night, but is a guaranteed financial windfall for both fighters, according to the fight's promoter.

Lalonde is guaranteed "in the neighborhood of \$5 million," according to Trainer. Said Lalonde after a workout, "I never dreamed I'd make \$3 million in my life."

Palace, and sponsorship money from Coors beer.

has been met by cable companies and closed-circuit exhibitors.

guarantees to Titan. However, the cable companies have been getting 5 to 8 percent to pay to watch professional wrestling, a Titan specialty.

"I've got \$20 million," Trainer said in his office trailer behind Caesars Palace Hotel, speaking of guaranteed money, "and I'm spending more time running around defending this fight. And I've got the money."

Trainer said he has secured his guarantees from Titan Sports Inc., the distributor for pay per view, foreign television and closed-circuit outlets; a site fee from Caesars

Only about half of the 15,000 stadium seats had been sold, according to a Caesars spokesman.

Thus Titan would have at least \$7.6 million in guaranteed money from pay-per-view cable operators.

Moore, one of three ATP members on the council, said no agreement could be reached on a compromise that satisfied the players and could secure a unified future for the men's game.

Among the opponents Lalonde (31-2, 26 knockouts) has faced, the most curious was Fred Walters, knocked out by Lalonde in the first round in Ashland, Kentucky, in August 1986.

Walters had come to Kentucky from Canada with Lalonde.

Since, his times have fallen off, which he blames on "loss of motivation" stemming from injuries and illnesses.

Since leaving the service 3 1/2 months ago, Jones said, his running career has picked up.

That he said, could mean top players having to qualify for the Grand Slam events.

SCOREBOARD

Table with columns for Baseball, Hockey, and Soccer, listing various teams and their scores.

SIDELINES

A's Weiss Wins AL's Rookie Award NEW YORK (UPI) — Shortstop Walt Weiss, whose fielding helped Oakland win the pennant, Wednesday was named American League Rookie of the Year, giving the Athletics the award a third straight season.

Wales' Jones Has Wagered He Can Win N.Y. Marathon

NEW YORK — Welsh distance runner Steve Jones has traded \$400 for a shot at a pot of gold.

Diika Said to Be Stable, and Ornerly

LAKE FOREST, Illinois (AP) — Doctors said the next several days would determine how soon Mike Ditka can resume coaching the Chicago Bears of the NFL after suffering a mild heart attack.

For the Record

The University of Cincinnati's football and basketball teams were barred Thursday by the NCAA from postseason competition this year and the school put on three years' probation for rules violations.

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(Continued from Page 4) ESCORTS & GUIDES LONDON BEAUTIFUL ITALIAN Concierge Escort Service. Telephone: 01-261-4621

OBSERVER

Election Pre-Mortem

By Russell Baker
NEW YORK — The election campaign has created many interesting language problems. For example, we now need a word or words for a president who is elected before the election, as happened to Whatchamacallit Bush this year.

The Graying of Leonard Cohen

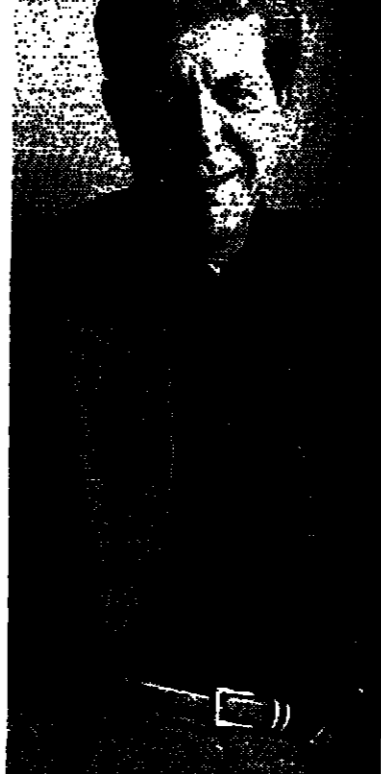
Suzanne takes you down
To her place by the river
You can stay the night beside her.
Leonard Cohen
By Richard Harrington
Washington Post Service
NEW YORK — Leonard Cohen, once described by Rolling Stone as "the poet laureate of outrage and romantic despair... the aficionado of gloom," is sipping serenely at his tea in a New York hotel.

PEOPLE

Koo Stark Wins Suit
Against British Weekly
Kathleen (Koo) Stark, 32, the actress who had a much-publicized relationship with Prince Andrew, was awarded \$300,000 (\$525,000 in damages following a libel action against The Sunday People.

No one has offered the \$2.8 million asking price for the Las Vegas home of late Liberace, so it will be sold Dec. 10 at an auction.
An anonymous buyer paid a record \$1.05 million for an Australian painting by Rupert Bunny, titled "Une Nuit de Canicule" (Hot Summer Night), done in 1910.

I feel like there is a swarm of bees buzzing around in my head, and I'm trying to move with a certain balance from one moment to another.



Cohen: His sales are better in Europe.

though the date of the letter was April 1, some of the CBS folks sent the money back.
"They're very scrupulous spirits," chuckles Cohen.
It's two decades now since "Songs of Leonard Cohen" appeared and established him as the champion of griseous despair.

to move with a certain balance from one moment to another," he says. "I know that a lot of my friends are in trouble. A lot of my friends are on medication. The term clinical depression finds its way into too many conversations these days. One has a sense that a catastrophe has occurred in the psychic landscape and in the physical landscape. But I've been speaking like this a long time."
He cites a 10-year-old lyric whose commentary seems prophetic in its anticipation of everything from spiritual corruption and social betrayal to the greenhouse effect and AIDS.

TODAY'S INTERNATIONAL REAL ESTATE MARKETPLACE
Appears on page 14

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